



# **MTHONJANENI MUNICIPALITY**

**BUDGET  
2010 / 2011**

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## **SPEECH BY MAYOR**

*Presented to the Municipal Council on the occasion of the presentation of the 2010/11 budget in the Council Chambers, Mthonjaneni Municipality on Wednesday 26 – 05 – 2010.*

Mr Speaker, it is a great honour for me to present to you the multi-year budget for Mthonjaneni Municipality in respect of the 2010/11 financial years.

The MFMA requires that the budget be tabled ninety days before the start of the financial year and we are therefore complying fully with this requirement. It is the intention to have this budget finally approved in May 2010.

Council has approved its revised IDP to inform the 2010/11 financial year's budget. I am pleased to announce that this draft budget is aligned to the approved revised IDP.

Mr Speaker, allow me to highlight a few of the achievements during our term of office which serves as a commitment to the provision of quality service to the residents of the municipality.

### **Municipal Infrastructure**

The Municipality was able to secure funding approval as part of the Municipal Infrastructure Grant programme totaling R5 962 211.00 which resulted in the tarring and upgrading of roads within Thubalethu and Melmoth.

This programme enters its second phase during the current financial year where an amount of R6,2m has been approved for funding and for which construction has already started.

Construction has begun on the upgrading of phase I of the Regional Sportsfield for which a grant of R1.288m was received from the Department of Sport and Recreation.

Construction of the Pedestrian Sidewalk from Thubalethu was completed on 14 – 12 – 2009 at a total cost of R1 091 788.00.

Tenders have been called for the upgrading of the municipal stores and work should commence within the next two months.

Tender for the building of the access road to the landfill site, costing R1.2m has been awarded and construction has started. A decision is being awaited from the Department of Water Affairs for the permit to establish a transfer station at the landfill site. Once this has been received, Uthungulu District Municipality will commence with the construction thereof.

The old Gym Hall is in the process of being upgraded and will provide further office accommodation for the municipality. The R2.7m allocated to ward projects to build the following projects is in the process of being spent.

Ward 1 - Construction is underway for the Passenger Shelters in Thubalethu

Ward 2 – Construction on the Poultry House at Thunzini has commenced

Ward 3 – Construction on the Sportsfield at Mfanefile has commenced

Ward 4 – Construction on the Sportsfield at KwaSanguye has commenced

Ward 5 – Construction of the Grazing camp at Hlabathini has commenced

Ward 6 – Construction of the Grazing camp at Mabhungu is complete.

The 6 P-Centres, one in each ward have also been completed.

The construction of the electrification project at Nomponjwana has commenced.

### **Housing**

The rural housing scheme in ward 4 has finally started and houses should be built within the next financial year. Ongoing discussions are being held with the Department of Human Settlements to fast track the other 6 rural housing schemes.

An implementing agent has been appointed to implement a low cost housing scheme in Thubalethu.

### **Financial and Institutional**

The Council has employed 5 financial interns who are presently undergoing extensive training in the financial department.

The Council has once again received an unqualified audit report thereby ensuring sound financial management of the financial position of the municipality.

Messrs HCB Valuers have been appointed as the Council's valuers for the 2011-2014 financial years.

Mr Speaker, you will also see that the Budget Document tabled by me will be in a totally new format. This format is prescribed in terms of the new Draft Municipal Budget and Reporting Regulations as gazetted in Government Gazette No 31804 dated 23 January 2009.

Mr Speaker I wish to thank the administration for ensuring that the budget document we are presenting is of high quality. Special thanks goes to the Chief Financial Officer for doing the work in the way the finances of the municipality and the accounting thereof are being handled.

Mr Speaker, it is now my honour to present the 2010/11, Operating and Capital Multi Year Budget to Council.

## **RESOLUTIONS**

1. That in terms of section 24 of the Municipal Finance Management Act, 56 of 2003, the annual budget of Mthonjaneni Municipality for the financial year 2010/2011, and the multi-year and single year capital appropriations are approved as set out in the following tables:

1.1 Budgeted Financial Performance (revenue & expenditure by standard classification)

1.2 Budgeted Financial Performance (revenue and expenditure by municipal vote)

1.3 Budgeted Financial Performance (revenue by source and expenditure by type)

1.4 Single year capital appropriations by municipal vote and standard classification and associated funding by source

2. That the financial position, cash flow, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are adopted as set out in the following tables

2.1 Budgeted Financial Position

2.2 Budgeted Cash Flows

2.3 Cash backed reserves and accumulated surplus reconciliation

3. That in terms of section 24(2) (c) (i) and (ii) of the Municipal Finance Management Act, 56 of 2003 and sections 74 and 75A of the Local Government: Municipal Systems Act, Act 32 of 2000 as amended, the tariffs for the supply of electricity, refuse removal and all other tariffs as set out in Other Supporting Documents be approved with effect from 1 July 2010.

4. That in terms of section 5 of the Municipal Property Rates Act, 6 of 2004, the rates policy as amended be approved

5. That in terms of section 24(2) (c) (v) of the Municipal Finance Management Act, 56 of 2003 it be noted that the various budget-related policies were not amended.

6. That in terms of section 14 of the Municipal Property Rates Act, 6 of 2004 the rate randage and conditions as set out in Other Supporting Documents be approved with effect from 1 July 2010

7. That the salaries, wages and allowances of all employees be increased in accordance with the multiyear SALGBC wage agreement with effect from 1 July 2010.

8. That the salaries, wages and allowances of all Section 57 and contractual employees be increased by the same percentage with effect from 1 July 2010.

## **EXECUTIVE SUMMARY**

### **BACKGROUND**

The budget timetable and IDP Process Plan approved by Council in August 2009 ensured that the said process was highly interactive and consultative in nature. The 2010 / 2011 Medium-Term Revenue and Expenditure Framework (MTREF) has to comply with the Municipal Finance Management Act (No 56 of 2003) and the Municipal Systems Act (No 32 of 2000). This MTREF is a financial plan to enable the municipality to achieve its vision and mission through the IDP which is informed by the five year programme and also the inputs from the community.

Mthonjaneni Municipality has ensured that during the revision of the IDP there was a series of public meetings as well as Representative Forum meetings. These meetings are of paramount importance as the IDP should represent the interest of all the role players. Outcomes of the consultative process were factored into both the operational and capital budget and the budget is also aligned with National, Provincial and District priorities. The municipality's long-term financial plan provides a framework for guiding the MTREF process. It proposes a three year capital and operating budget that will enable the Municipality to meet its operational and strategic objectives for the 2010 / 2011 financial year as well as the outer years of the MTREF period.

This final budget is the product of tabling the draft budget on 29 March 2010, then embarking on the public participation process during May 2010 and is now presented to Council for final adoption.

### **PAST PERFORMANCES, ACHIEVEMENTS AND CHALLENGES**

The first R15 000 of the valuation of the residential properties was also exempted from rates. In addition a 16% rebate was allowed. The challenges to improve the quality of the lives of our people has been immense but has also resulted in milestones being achieved for Mthonjaneni and its people.

The service delivery achievements include, inter-alia the following:-

- Rates exemption for all residential properties up to R15 000
- Further rebates for pensions and/or disabled persons on a sliding scale depending on Income
  - 2.825 kms of roads upgraded for about R6 million
- Regional Sportsfield with support from the Department of Sports and Recreation
- Sector Plans
- LED strategy with the accompanying projects
- Ward Committees established immediately after the local government elections
- We are fully compliant with the implementation of the MFMA
- The Supply Chain Management Unit is established together with all the Bid Committees and is in full compliance of the MFMA
- A Performance Management System has been adopted and has been implemented in accordance with the Performance Regulations as gazetted on 01 August 2006
- Performance Assessment and Annual Report submitted to Council in January 2010
- Audit report submitted to Council in December 2009

Mthonjaneni Municipality also implemented the Municipal Property Rates Act in the 2007 / 2008 financial year and also converted the annual financial statements from the old IMFO Standards to the new GAMAP / GRAP format two years before the legal requirement. An unqualified audit report was received for the second year in a row, even given the massive task to convert into the new format. The capital investment into our area for new work over the last six years has had a tremendous impact on the quality of roads and storm water facilities. Although it is more cost efficient to build a surfaced road than to maintain a gravel road, repairs and maintenance funding needs to remain in place at acceptable levels. This focus results in the need for more strategic support infrastructure as a stimulant to growth.

We are proud of our achievements but are mindful of the challenges in the next years ahead of us. Mthonjaneni Municipality aims to maintain stability and continue to grow as an example local authority.

## **ALIGNMENT WITH NATIONAL AND PROVINCIAL PRIORITIES**

Successful alignment of Mthonjaneni Municipality's service delivery priorities as embodied in the IDP and its focus areas, objectives and perspectives to that of National and Provincial Government is seen as critical if we are to achieve our developmental goals and to ensure the maximum impact. The Municipality is confident that this budget is structured to give effect to the strategic priorities and to support long-term sustained growth and development, in line with National and Provincial objectives.

The following priorities are part of National Government's framework to enhance the social, cultural and economic welfare of all South Africans:

- Accelerating the process of growth and rate of investment
- Interventions to accelerate the pace of job creation
- Investing in community services and human development
- Promoting service-oriented public administration

Local priorities were identified which are mainly in line with the national and provincial priorities.

## **LOCAL PRIORITIES**

- Accelerated and improved service delivery to communities
- Improving municipal infrastructure
- Facilitating economic growth and job creation
- Fighting poverty, and building safe, secure and sustainable communities
- Improving skills development to raise productivity

## **POLITICAL PRIORITIES AND LINKAGES TO THE IDP**

All operating and capital programmes in the 2010 / 2011 medium-term budget have been evaluated through a prioritisation mechanism that was developed to ensure that there is alignment to the development strategy for the Municipality.



The IDP formed the basis of the priorities identified in the strategic plan and all resources are focused on the achievement of the priorities.

## **LEVELS OF RATES, SERVICE CHARGES AND OTHER FEES AND CHARGES**

In order to remain financially viable and sustainable, sufficient resources must be generated. As limited scope exists to generate alternative revenue, it is necessary to increase rates and tariffs. The determining of tariffs is the responsibility of Council, as per the provision of the Local Government Municipal Systems Act.

Affordability is an important factor when considering any rates and tariff increases. Tariff setting plays a major role in ensuring desired levels of revenue by assisting in the compilation of a credible and balanced budget to accommodate the acceleration of basic services. There has to be alignment between the resources of municipalities, level of service and customer expectations.

## **RATES**

The Municipality has implemented the Municipal Property Rates Act, No. 56 of 2003 with effect from 01 July 2007. Rates income has increased due to the increased market value of properties and as the valuation roll will remain in force until 30 June 2011 the downward trend in property values will have little impact on current income levels.

In terms of the new ratios promulgated in Government Gazette No. 32061 dated 27 March 2009, agricultural and public service infrastructure properties (PSI) will now be rated @ 25% of the rate applicable to residential properties. The implementation date of these ratios is disputed but if they do become applicable no further rebates will be applicable to agricultural and PSI properties as these ratios already makes provision for a lower rate randage. The rates policy have been amended accordingly to make provision for this possibility. An increase of 6% in the rate randage from 1.55 cents in the rand to 1.643 cents in the rand is proposed for this MTREF period.

## **ELECTRICITY**

The electricity tariffs reflect an increase of 15% as was indicated in the draft budget.

This increase is required to cater for the additional expenditure of bulk purchases and is also recommended by National Treasury in their Annexure to Municipal Budget Circular No. 51 which was received after tabling of the draft budget. These above average increases are expected to continue in the MTREF period.

## **REFUSE REMOVAL SERVICES**

Refuse removal tariffs will increase by 6%.

## **GENERAL**

Other general contributory factors for the above increases are salary increases, filling of critical vacancies, provision of free basic services, increased maintenance. All tariffs and charges are reflected on a separate document for approval with the budget.

## **FINANCIAL STRATEGY**

Mthonjaneni's financial strategy to ensure the availability of funds to cover all operating and capital requirements and the long term sustainability of the organisation include amongst others:

- Review of the tariff policy and all user charges and fees to ensure annual price increases are guided by inflation
- Ensuring that all grants available from national and provincial governments are availed of
- Returns on investments of surplus funds are benchmarked to ensure that optimum returns are generated
- Implementation of Performance Management Systems resulting in productivity improvements
- Review and enhancement of credit control policy

The tabling of this budget is in accordance with the Municipal Finance Management Act, 2003 (Act 56 of 2003) which included a consultation process with residents, community organisations, business and other stakeholder formations. Given the challenges of meeting the requirements of both the Municipal Property Rates Act and the Municipal Finance Management Act, this budget represents a great achievement for Mthonjaneni Municipality and an important building block for future progress and prosperity.

#### **KEY ISSUES : OPERATING BUDGET**

##### **EMPLOYEE RELATED COSTS (SALARIES & WAGES)**

The percentage of employee related costs measured against the total expenditure budget is 33% for the 2010 / 2011 financial year. This level is still within the national norm of approximately 35% and all endeavours are put in place to reduce this cost to under 30% of total expenditure.

##### **UNFUNDED MANDATES**

In addition to the core functions that Mthonjaneni Municipality has to carry out in terms of the Constitution, other non-core functions and services are being provided, which in terms of the Constitution is under the responsibility of National or Provincial Authorities. These functions include the provision of Health Services, Libraries and motor vehicle licencing. The reduction or non-payment of subsidies for these services require the municipality to allocate its own resources to make up the shortfall.

KZN285 Mthonjanani - Table A1 Budget Summary

Description	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	3,546	3,371	3,657	3,900	4,412	4,412	5,750	4,650	4,750
Service charges	5,343	5,995	8,203	9,401	9,401	9,401	11,636	13,000	15,100
Investment revenue	1,542	2,387	2,917	1,500	1,500	1,500	1,900	2,000	2,100
Transfers recognised - operational	14,024	12,877	13,716	21,552	23,608	23,608	18,086	17,979	20,078
Other own revenue	2,983	2,816	3,440	3,170	3,170	3,170	3,138	3,300	3,530
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>27,438</b>	<b>27,446</b>	<b>31,933</b>	<b>39,523</b>	<b>42,091</b>	<b>42,091</b>	<b>40,510</b>	<b>40,929</b>	<b>45,558</b>
Employee costs	7,292	8,319	9,290	10,500	10,860	10,860	13,560	14,503	15,373
Remuneration of councillors	1,802	1,900	2,110	2,367	2,367	2,367	2,490	2,610	2,750
Depreciation & asset impairment	1,330	1,644	1,333	2,100	2,100	2,100	2,550	3,000	3,500
Finance charges	-	-	-	-	-	-	-	-	-
Materials and bulk purchases	3,553	3,911	5,160	6,875	6,875	6,875	8,895	10,000	12,000
Transfers and grants	-	-	-	-	-	-	-	-	-
Other expenditure	15,298	15,735	22,456	27,691	29,899	29,899	29,538	32,572	35,657
<b>Total Expenditure</b>	<b>29,275</b>	<b>31,509</b>	<b>40,349</b>	<b>49,534</b>	<b>52,102</b>	<b>52,102</b>	<b>57,034</b>	<b>62,685</b>	<b>69,280</b>
<b>Surplus/(Deficit)</b>	<b>(1,837)</b>	<b>(4,062)</b>	<b>(8,416)</b>	<b>(10,011)</b>	<b>(10,011)</b>	<b>(10,011)</b>	<b>(16,524)</b>	<b>(21,756)</b>	<b>(23,722)</b>
Transfers recognised - capital	4,559	2,919	10,352	8,097	8,097	8,097	13,247	15,760	18,083
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>2,723</b>	<b>(1,144)</b>	<b>1,935</b>	<b>(1,914)</b>	<b>(1,914)</b>	<b>(1,914)</b>	<b>(3,277)</b>	<b>(5,996)</b>	<b>(5,639)</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) for the year</b>	<b>2,723</b>	<b>(1,144)</b>	<b>1,935</b>	<b>(1,914)</b>	<b>(1,914)</b>	<b>(1,914)</b>	<b>(3,277)</b>	<b>(5,996)</b>	<b>(5,639)</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>4,820</b>	<b>4,312</b>	<b>11,483</b>	<b>9,912</b>	<b>9,912</b>	<b>9,912</b>	<b>15,666</b>	<b>17,710</b>	<b>20,233</b>
Transfers recognised - capital	4,559	2,919	10,352	8,097	8,097	8,097	13,247	15,760	18,083
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	261	1,394	1,132	1,815	1,815	1,815	2,419	1,950	2,150
<b>Total sources of capital funds</b>	<b>4,820</b>	<b>4,312</b>	<b>11,483</b>	<b>9,912</b>	<b>9,912</b>	<b>9,912</b>	<b>15,666</b>	<b>17,710</b>	<b>20,233</b>
<b>Financial position</b>									
Total current assets	25,890	26,025	28,751	28,142	28,142	33,642	33,894	31,059	28,019
Total non current assets	20,543	21,208	31,358	39,000	39,000	39,000	52,500	67,500	84,000
Total current liabilities	8,460	8,095	7,552	8,140	8,140	8,140	3,817	3,450	4,150
Total non current liabilities	-	-	-	-	-	-	-	-	-
Community wealth/Equity	37,973	39,138	52,557	59,002	59,002	64,502	82,577	95,109	107,869
<b>Cash flows</b>									
Net cash from (used) operating	11,789	4,714	13,921	10,924	10,924	14,424	14,562	14,864	18,244
Net cash from (used) investing	(4,820)	(17,573)	(13,023)	(9,912)	(9,912)	(15,412)	(12,666)	(14,710)	(17,233)
Net cash from (used) financing	37	(4)	18	-	-	-	-	-	-
<b>Cash/cash equivalents at the year end</b>	<b>13,157</b>	<b>293</b>	<b>1,209</b>	<b>2,221</b>	<b>2,221</b>	<b>221</b>	<b>4,117</b>	<b>4,271</b>	<b>5,282</b>
<b>Cash backing/surplus reconciliation</b>									
Cash and investments available	22,896	23,293	25,749	25,540	25,540	31,040	31,040	28,040	25,040
Application of cash and investments	9,253	8,671	8,966	9,396	9,457	9,457	1,690	(236)	301
<b>Balance - surplus (shortfall)</b>	<b>13,643</b>	<b>14,622</b>	<b>16,783</b>	<b>16,154</b>	<b>16,083</b>	<b>21,583</b>	<b>29,350</b>	<b>28,276</b>	<b>24,739</b>
<b>Asset management</b>									
Asset register summary (WDV)	20,543	21,208	31,358	39,000	39,000	39,000	52,500	67,500	84,000
Depreciation & asset impairment	1,330	1,644	1,333	2,100	2,100	2,100	2,550	3,000	3,500
Renewal of Existing Assets	227	45	5,937	8,220	8,220	8,220	9,762	10,760	13,093
Repairs and Maintenance	-	-	1,519	2,109	2,109	-	2,284	2,380	2,465
<b>Free services</b>									
Cost of Free Basic Services provided	-	-	-	-	-	-	-	-	-
Revenue cost of free services provided	-	-	-	-	-	-	454	-	-
<b>Households below minimum service level</b>									
Water:	-	-	-	-	-	-	-	-	-
Sanitation/sewerage:	-	-	-	-	-	-	-	-	-
Energy:	-	-	-	-	-	-	-	-	-
Refuse:	-	-	-	-	-	-	-	-	-

KZN285 Mthonjaneni - Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Standard Classification Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>	<b>1</b>									
<b>Revenue - Standard</b>										
<b>Governance and administration</b>		14,854	17,331	22,116	21,809	24,477	24,477	29,234	30,161	33,252
Executive and council		1,633	1,640	2,424	2,275	2,275	2,275	600	650	700
Budget and treasury office		11,020	13,691	16,988	19,574	22,142	22,142	28,634	29,511	32,552
Corporate services		2,000	2,000	2,704	60	60	60	-	-	-
<b>Community and public safety</b>		4,039	1,614	1,511	4,501	4,501	4,501	1,347	428	439
Community and social services		2,883	585	455	3,248	3,248	3,248	410	428	439
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		270	340	340	360	360	360	-	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		886	689	716	893	893	893	937	-	-
<b>Economic and environmental services</b>		5,576	3,939	8,764	10,782	10,762	10,782	11,022	12,800	14,350
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		5,576	3,939	8,764	10,762	10,762	10,762	11,022	12,600	14,350
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		7,729	7,480	9,894	10,448	10,448	10,448	12,153	13,500	15,600
Electricity		6,324	6,018	8,565	9,039	9,039	9,039	11,186	12,500	14,500
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		1,405	1,463	1,330	1,409	1,409	1,409	967	1,000	1,100
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Standard</b>	2	31,998	30,385	42,285	47,620	50,188	50,188	53,757	56,689	63,641
<b>Expenditure - Standard</b>										
<b>Governance and administration</b>		12,029	14,137	15,972	15,363	17,131	17,131	15,130	16,500	17,500
Executive and council		2,798	3,293	3,277	3,653	3,670	3,670	3,907	4,100	4,400
Budget and treasury office		5,624	6,330	7,729	9,069	10,721	10,721	7,709	8,500	9,000
Corporate services		3,607	4,514	4,966	2,641	2,740	2,740	3,514	3,900	4,100
<b>Community and public safety</b>		8,774	7,687	12,456	19,314	19,971	19,971	24,353	13,185	15,300
Community and social services		7,781	6,578	11,341	18,061	18,718	18,718	22,506	10,985	12,600
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		338	307	279	360	360	360	910	1,200	1,500
Housing		-	-	-	-	-	-	-	-	-
Health		654	802	836	693	893	893	937	1,000	1,200
<b>Economic and environmental services</b>		1,732	2,208	2,288	2,572	2,702	2,702	3,318	16,300	17,500
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		1,732	2,208	2,288	2,572	2,702	2,702	3,318	18,300	17,500
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		6,740	7,477	9,634	12,285	12,298	12,298	14,235	16,700	18,980
Electricity		5,823	6,351	8,406	10,816	10,816	10,816	12,740	14,700	16,780
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		917	1,126	1,228	1,469	1,482	1,482	1,495	2,000	2,200
<b>Other</b>	4	-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Standard</b>	2	29,275	31,509	40,349	49,534	52,102	52,102	57,034	62,685	69,280
<b>Surplus/(Deficit) for the year</b>		2,723	(1,144)	1,935	(1,914)	(1,914)	(1,914)	(3,277)	(5,996)	(5,639)

**References**

1. Government Finance Statistics Functions and Sub-functions are standardised to assist the compilation of national and international accounts for comparison purposes
2. Total Revenue by standard classification must reconcile to Total Operating Revenue shown in Budgeted Financial Performance (revenue and expenditure)
3. Total Expenditure by Standard Classification must reconcile to Total Operating Expenditure shown in Budgeted Financial Performance (revenue and expenditure)
4. All amounts must be classified under a standard classification (modified GFS). The GFS function 'Other' is only for Abattoirs, Air Transport, Markets and Tourism - and if used must be supported by footnotes. Nothing else may be placed under 'Other'. Assign associate share to relevant classification

KZN285 Mthonjaneni - Table A3 Budgeted Financial Performance (revenue and expenditure by municipal vote)

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>Revenue by Vote</b>	1									
Vote1 - Council		-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		1,633	1,640	2,424	2,275	2,275	2,275	600	650	700
Vote3 - Financial Services		11,020	13,691	16,988	19,574	22,142	22,142	28,634	29,511	32,552
Vote4 - Corporate and Community Services		2,000	2,000	2,704	68	68	68	8	8	9
Vote5 - Public Safety		270	340	340	360	360	360	-	-	-
Vote6 - Public Health		886	689	716	893	893	893	937	-	-
Vote7 - Protection Services		1,816	1,882	1,968	1,815	1,815	1,815	2,075	2,200	2,350
Vote8 - Technical Services		6,643	2,642	7,250	12,188	12,188	12,188	9,350	10,820	12,430
Vote9 - Refuse Removal		1,405	1,463	1,330	1,409	1,409	1,409	967	1,000	1,100
Vote10 - Electricity		6,324	6,016	6,565	9,039	9,039	9,039	11,186	12,500	14,500
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	31,996	30,365	42,285	47,620	50,188	50,188	53,757	56,669	63,841
<b>Expenditure by Vote to be appropriated</b>	1									
Vote1 - Council		1,914	2,393	2,350	2,524	2,524	2,524	2,693	2,800	3,000
Vote2 - Municipal Manager		884	900	927	1,128	1,145	1,145	1,214	1,300	1,400
Vote3 - Financial Services		5,624	6,330	7,729	9,069	10,721	10,721	7,709	8,500	9,000
Vote4 - Corporate and Community Services		3,849	4,749	5,183	2,961	3,080	3,080	3,980	4,450	4,700
Vote5 - Public Safety		338	307	279	360	360	360	910	1,200	1,500
Vote6 - Public Health		654	802	836	893	893	893	937	1,000	1,200
Vote7 - Protection Services		1,732	2,208	2,288	2,572	2,702	2,702	3,316	3,300	3,500
Vote8 - Technical Services		7,539	6,342	11,123	17,741	18,398	18,398	22,041	23,435	26,000
Vote9 - Refuse Removal		917	1,126	1,228	1,469	1,482	1,482	1,495	2,000	2,200
Vote10 - Electricity		5,823	6,351	8,406	10,816	10,816	10,816	12,740	14,700	18,780
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	29,275	31,509	40,349	49,534	52,102	52,102	57,034	62,685	69,280
<b>Surplus/(Deficit) for the year</b>	2	2,723	(1,144)	1,935	(1,914)	(1,914)	(1,914)	(3,277)	(5,996)	(5,639)

**References**

1. Insert 'Vote'; e.g. department, if different to standard classification structure
2. Must reconcile to Budgeted Financial Performance (revenue and expenditure)
3. Assign share in 'associate' to relevant Vote

KZN285 Mthonjaneni - Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand	1									
<b>Revenue By Source</b>										
Property rates	2	3,244	3,104	3,403	3,500	4,112	4,112	5,500	4,400	4,500
Property rates - penalties & collection charges		302	267	254	400	300	300	250	250	250
Service charges - electricity revenue	2	4,618	5,217	7,373	8,522	8,522	8,522	10,669	12,000	14,000
Service charges - water revenue	2	-	-	-	-	-	-	-	-	-
Service charges - sanitation revenue	2	-	-	-	-	-	-	-	-	-
Service charges - refuse revenue	2	725	778	830	879	879	879	967	1,000	1,100
Service charges - other										
Rental of facilities and equipment		345	333	326	470	470	470	331	340	350
Interest earned - external investments		1,542	2,387	2,917	1,500	1,500	1,500	1,900	2,000	2,100
Interest earned - outstanding debtors										
Dividends received										
Fines		163	114	140	100	100	100	10	10	10
Licences and permits		702	711	771	711	711	711	2,300	2,200	2,100
Agency services										
Transfers recognised - operational		14,024	12,877	13,716	21,552	23,608	23,608	18,086	17,979	20,078
Other revenue	2	848	642	1,203	885	885	885	732	750	770
Gains on disposal of PPE					-	-	-			
Total Revenue (excluding capital transfers and contributions)		27,438	27,446	31,933	39,523	42,091	42,091	40,510	40,929	45,558
<b>Expenditure By Type</b>										
Employee related costs	2	7,292	8,319	9,290	10,500	10,860	10,860	13,560	14,503	15,373
Remuneration of councillors		1,802	1,900	2,110	2,367	2,367	2,367	2,490	2,610	2,750
Debt impairment	3	100	110	-	150	150	150	1,500	150	150
Depreciation & asset impairment	2	1,330	1,644	1,333	2,100	2,100	2,100	2,550	3,000	3,500
Finance charges										
Bulk purchases	2	3,553	3,911	5,160	6,875	6,875	6,875	8,895	10,000	12,000
Other materials	8									
Contracted services		1,126	652	653	951	951	951	1,478	1,225	1,300
Transfers and grants										
Other expenditure	4, 5	14,071	14,973	21,803	26,590	28,798	28,798	26,560	31,197	34,207
Loss on disposal of PPE										
Total Expenditure		29,275	31,509	40,349	49,534	52,102	52,102	57,034	62,685	69,280
Surplus/(Deficit)		(1,837)	(4,062)	(8,416)	(10,011)	(10,011)	(10,011)	(16,524)	(21,756)	(23,722)
Transfers recognised - capital		4,559	2,919	10,352	8,097	8,097	8,097	13,247	15,760	18,083
Contributions recognised - capital	6	-	-	-	-	-	-	-	-	-
Contributed assets										
Surplus/(Deficit) after capital transfers & contributions		2,723	(1,144)	1,935	(1,914)	(1,914)	(1,914)	(3,277)	(5,996)	(5,639)
Taxation										
Surplus/(Deficit) after taxation		2,723	(1,144)	1,935	(1,914)	(1,914)	(1,914)	(3,277)	(5,996)	(5,639)
Attributable to minorities										
Surplus/(Deficit) attributable to municipality		2,723	(1,144)	1,935	(1,914)	(1,914)	(1,914)	(3,277)	(5,996)	(5,639)
Share of surplus/ (deficit) of associate	7									
Surplus/(Deficit) for the year		2,723	(1,144)	1,935	(1,914)	(1,914)	(1,914)	(3,277)	(5,996)	(5,639)

## References

1. Classifications are revenue sources and expenditure type
2. Detail to be provided in Table SA1
3. Previously described as 'bad or doubtful debts' - amounts shown should reflect the change in the provision for debt impairment
4. Expenditure type components previously shown under repairs and maintenance should be allocated back to the originating expenditure group/item; e.g. employee cost
5. Repairs & maintenance detailed in Table A9 and Table SA34c
6. Contributions are funds provided by external organisations to assist with infrastructure development; e.g. developer contributions (detail to be provided in Table SA1)
7. Equity method

KZN285 Mthonjaneni - Table A5 Budgeted Capital Expenditure by vote, standard classification and funding

Vote Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>	<b>1</b>									
<b>Capital expenditure - Vote</b>										
<b>Multi-year expenditure to be appropriated</b>	<b>2</b>									
Vote1 - Council		3,911	321	4,415	-	-	-	-	-	-
Vote2 - Municipal Manager		-	11	-	26	26	26	30	-	-
Vote3 - Financial Services		-	-	30	41	41	41	50	-	-
Vote4 - Corporate and Community Services		206	1,300	16	55	55	55	200	-	-
Vote5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote6 - Public Health		20	8	-	-	-	-	15	-	-
Vote7 - Protection Services		-	286	51	50	50	50	100	-	-
Vote8 - Technical Services		146	1,848	5,984	8,740	8,740	8,740	14,271	16,810	19,033
Vote9 - Refuse Removal		-	-	-	-	-	-	-	-	-
Vote10 - Electricity		537	539	988	1,000	1,000	1,000	1,000	1,100	1,200
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
<b>Capital multi-year expenditure sub-total</b>	<b>7</b>	<b>4,820</b>	<b>4,312</b>	<b>11,483</b>	<b>9,912</b>	<b>9,912</b>	<b>9,912</b>	<b>15,969</b>	<b>17,719</b>	<b>20,233</b>
<b>Single-year expenditure to be appropriated</b>	<b>2</b>									
Vote1 - Council		-	-	-	-	-	-	-	-	-
Vote2 - Municipal Manager		-	-	-	-	-	-	-	-	-
Vote3 - Financial Services		-	-	-	-	-	-	-	-	-
Vote4 - Corporate and Community Services		-	-	-	-	-	-	-	-	-
Vote5 - Public Safety		-	-	-	-	-	-	-	-	-
Vote6 - Public Health		-	-	-	-	-	-	-	-	-
Vote7 - Protection Services		-	-	-	-	-	-	-	-	-
Vote8 - Technical Services		-	-	-	-	-	-	-	-	-
Vote9 - Refuse Removal		-	-	-	-	-	-	-	-	-
Vote10 - Electricity		-	-	-	-	-	-	-	-	-
Example 11 - Vote11		-	-	-	-	-	-	-	-	-
Example 12 - Vote12		-	-	-	-	-	-	-	-	-
Example 13 - Vote13		-	-	-	-	-	-	-	-	-
Example 14 - Vote14		-	-	-	-	-	-	-	-	-
Example 15 - Vote15		-	-	-	-	-	-	-	-	-
<b>Capital single-year expenditure sub-total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Vote</b>		<b>4,820</b>	<b>4,312</b>	<b>11,483</b>	<b>9,912</b>	<b>9,912</b>	<b>9,912</b>	<b>15,969</b>	<b>17,719</b>	<b>20,233</b>
<b>Capital Expenditure - Standard</b>										
<b>Governance and administration</b>		<b>4,116</b>	<b>1,632</b>	<b>4,461</b>	<b>122</b>	<b>122</b>	<b>122</b>	<b>289</b>	<b>-</b>	<b>-</b>
Executive and council		-	332	4,415	26	26	26	39	-	-
Budget and treasury office		-	-	30	41	41	41	50	-	-
Corporate services		4,116	1,300	16	55	55	55	200	-	-
<b>Community and public safety</b>		<b>29</b>	<b>294</b>	<b>51</b>	<b>50</b>	<b>50</b>	<b>50</b>	<b>5,266</b>	<b>6,950</b>	<b>7,450</b>
Community and social services		-	-	-	-	-	-	5,151	8,850	7,450
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		-	286	51	50	50	50	100	-	-
Housing		-	-	-	-	-	-	-	-	-
Health		20	8	-	-	-	-	15	-	-
<b>Economic and environmental services</b>		<b>146</b>	<b>1,848</b>	<b>5,984</b>	<b>8,740</b>	<b>8,740</b>	<b>8,740</b>	<b>9,120</b>	<b>9,760</b>	<b>11,503</b>
Planning and development		-	-	-	-	-	-	-	-	-
Road transport		146	1,848	5,984	8,740	8,740	8,740	9,120	9,760	11,503
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		<b>537</b>	<b>539</b>	<b>988</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,000</b>	<b>1,100</b>	<b>1,200</b>
Electricity		537	539	988	1,000	1,000	1,000	1,000	1,100	1,200
Water		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		-	-	-	-	-	-	-	-	-
<b>Other</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Capital Expenditure - Standard</b>	<b>3</b>	<b>4,329</b>	<b>4,312</b>	<b>11,483</b>	<b>9,912</b>	<b>9,912</b>	<b>9,912</b>	<b>15,969</b>	<b>17,719</b>	<b>20,233</b>
<b>Funded by:</b>										
National Government		4,569	2,919	10,352	9,097	8,097	8,097	13,247	15,700	18,083
Provincial Government		-	-	-	-	-	-	-	-	-
District Municipality		-	-	-	-	-	-	-	-	-
Other transfers and grants		-	-	-	-	-	-	-	-	-
Transfers recognised - capital	<b>4</b>	<b>4,569</b>	<b>2,919</b>	<b>10,352</b>	<b>9,097</b>	<b>8,097</b>	<b>8,097</b>	<b>13,247</b>	<b>15,700</b>	<b>18,083</b>
Public contributions & donations	<b>5</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Borrowing	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Internally generated funds</b>		<b>261</b>	<b>1,394</b>	<b>1,132</b>	<b>1,815</b>	<b>1,815</b>	<b>1,815</b>	<b>2,419</b>	<b>1,850</b>	<b>2,150</b>
<b>Total Capital Funding</b>	<b>7</b>	<b>4,820</b>	<b>4,312</b>	<b>11,483</b>	<b>9,912</b>	<b>9,912</b>	<b>9,912</b>	<b>15,969</b>	<b>17,719</b>	<b>20,233</b>

**References**

- Municipalities may choose to appropriate for capital expenditure for three years or for one year (if one year appropriation projected expenditure required for yr2 and yr3).
- Include capital component of PPP unitary payment. Note that capital transfers are only appropriated to municipalities for the budget year.
- Capital expenditure by standard classification must reconcile to the appropriations by vote.
- Must reconcile to supporting table SA20 and to Budgeted Financial Performance (revenue and expenditure).
- Must reconcile to Budgeted Financial Performance (revenue and expenditure).
- Include finance leases and PPP capital funding component of unitary payment - total borrowing/repayments to reconcile to changes in Table SA17.
- Total Capital Funding must balance with Total Capital Expenditure.
- Include any capitalised interest (MFMA section 46) as part of relevant capital budget.



KZN285 Mthonjaneni - Table A6 Budgeted Financial Position

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>										
<b>ASSETS</b>										
<b>Current assets</b>										
Cash		13,157	293	1,209	1,000	1,000	1,000	1,000	1,000	1,000
Call investment deposits	1	9,739	23,000	24,540	24,540	24,540	30,040	30,040	27,040	24,040
Consumer debtors	1	2,348	2,069	1,968	2,052	2,052	2,052	2,404	2,554	2,504
Other debtors		549	389	788	250	250	250	200	200	200
Current portion of long-term receivables										
Inventory	2	98	274	246	300	300	300	250	265	275
<b>Total current assets</b>		<b>25,890</b>	<b>26,025</b>	<b>28,751</b>	<b>28,142</b>	<b>28,142</b>	<b>33,642</b>	<b>33,894</b>	<b>31,059</b>	<b>28,019</b>
<b>Non current assets</b>										
Long-term receivables										
Investments										
Investment property										
Investment in Associate										
Property, plant and equipment	3	20,543	21,208	31,358	39,000	39,000	39,000	52,500	67,500	84,000
Agricultural										
Biological										
Intangible										
Other non-current assets										
<b>Total non current assets</b>		<b>20,543</b>	<b>21,208</b>	<b>31,358</b>	<b>39,000</b>	<b>39,000</b>	<b>39,000</b>	<b>52,500</b>	<b>67,500</b>	<b>84,000</b>
<b>TOTAL ASSETS</b>		<b>46,433</b>	<b>47,233</b>	<b>60,109</b>	<b>67,142</b>	<b>67,142</b>	<b>72,642</b>	<b>86,394</b>	<b>98,559</b>	<b>112,019</b>
<b>LIABILITIES</b>										
<b>Current liabilities</b>										
Bank overdraft	1									
Borrowing	4									
Consumer deposits		490	487	505	500	500	500	550	600	650
Trade and other payables	4	7,860	7,462	6,838	7,500	7,500	7,500	3,067	2,500	3,000
Provisions		110	147	209	140	140	140	200	350	500
<b>Total current liabilities</b>		<b>8,460</b>	<b>8,095</b>	<b>7,552</b>	<b>8,140</b>	<b>8,140</b>	<b>8,140</b>	<b>3,817</b>	<b>3,450</b>	<b>4,150</b>
<b>Non current liabilities</b>										
Borrowing										
Provisions										
<b>Total non current liabilities</b>										
<b>TOTAL LIABILITIES</b>		<b>8,460</b>	<b>8,095</b>	<b>7,552</b>	<b>8,140</b>	<b>8,140</b>	<b>8,140</b>	<b>3,817</b>	<b>3,450</b>	<b>4,150</b>
<b>NET ASSETS</b>	5	<b>37,973</b>	<b>39,138</b>	<b>52,557</b>	<b>59,002</b>	<b>59,002</b>	<b>64,502</b>	<b>82,577</b>	<b>95,109</b>	<b>107,869</b>
<b>COMMUNITY WEALTH/EQUITY</b>										
Accumulated Surplus/(Deficit)		17,430	15,927	21,199	20,002	20,002	25,502	30,077	27,609	23,869
Reserves	4	20,543	23,211	31,358	39,000	39,000	39,000	52,500	67,500	84,000
Minorities' interests										
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	5	<b>37,973</b>	<b>39,138</b>	<b>52,557</b>	<b>59,002</b>	<b>59,002</b>	<b>64,502</b>	<b>82,577</b>	<b>95,109</b>	<b>107,869</b>

## References

1. Detail to be provided in Table SA3
2. Include completed low cost housing to be transferred to beneficiaries within 12 months
3. Include 'Construction-work-in-progress' (disclosed separately in annual financial statements)
4. Detail to be provided in Table SA3. Includes reserves to be funded by statute.
5. Net assets must balance with Total Community Wealth/Equity

KZN285 Mthonjeneni - Table A7 Budgeted Cash Flows

REN203 Mitigation - Table A7 Budgeted Cash Flows

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Ratepayers and other		11,116	13,725	15,002	18,432	19,432	19,432	19,439	20,950	23,380
Government - operating	1	15,147	14,159	17,822	18,591	18,581	18,591	19,170	17,979	20,078
Government - capital	1	3,435	1,637	5,246	8,097	8,097	8,097	13,247	15,760	18,083
Interest		1,542	2,387	2,917	1,500	1,500	1,500	1,900	2,000	2,100
Dividends										
Payments										
Suppliers and employees		(19,452)	(27,194)	(28,065)	(36,696)	(36,696)	(33,196)	(39,194)	(41,825)	(45,397)
Finance charges										
Transfers and Grants	1									
NET CASH FROM/(USED) OPERATING ACTIVITIES		11,789	4,714	13,921	10,924	10,924	14,424	14,562	14,864	18,244
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (Increase) in non-current debtors										
Decrease (increase) other non-current receivables		-								
Decrease (increase) in non-current investments			(13,261)	(1,540)			(5,500)	3,000	3,000	3,000
Payments										
Capital assets		(4,820)	(4,312)	(11,483)	(9,912)	(9,912)	(9,912)	(15,666)	(17,710)	(20,233)
NET CASH FROM/(USED) INVESTING ACTIVITIES		(4,820)	(17,573)	(13,023)	(9,912)	(9,912)	(15,412)	(12,666)	(14,710)	(17,233)
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans				-						
Borrowing long term/refinancing										
Increase (decrease) in consumer deposits		37	(4)	18						
Payments										
Repayment of borrowing										
NET CASH FROM/(USED) FINANCING ACTIVITIES		37	(4)	18	-	-	-	-	-	-
NET INCREASE/ (DECREASE) IN CASH HELD		7,005	(12,863)	916	1,012	1,012	(988)	1,898	154	1,011
Cash/cash equivalents at the year begin	2	6,151	13,157	293	1,209	1,209	1,209	2,221	4,117	4,271
Cash/cash equivalents at the year end	2	13,157	293	1,209	2,221	2,221	221	4,117	4,271	5,282

References

1. Local/District municipalities to include transfers from/to District/Local Municipality.
2. Cash equivalents includes investments with maturities of 3 months or less.

KZN285 Mthonjaneni - Table A8 Cash backed reserve/accumulated surplus reconciliation

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>R thousand</b>										
<b>Cash and investments available</b>										
Cash/cash equivalents at the year end	1	13,157	293	1,209	2,221	2,221	221	4,117	4,271	5,282
Other current investments > 90 days		9,739	23,000	24,540	23,319	23,319	30,819	26,923	23,769	19,758
Non current assets - Investments	1	-	-	-	-	-	-	-	-	-
<b>Cash and investments available</b>		<b>22,896</b>	<b>23,293</b>	<b>25,749</b>	<b>25,540</b>	<b>25,540</b>	<b>31,040</b>	<b>31,040</b>	<b>28,040</b>	<b>25,040</b>
<b>Application of cash and investments</b>										
Unspent conditional transfers		4,105	3,855	4,809	4,500	4,500	4,500	1,067	-	-
Unspent borrowing		-	-	-	-	-	-	-	-	-
Statutory requirements	2	-	-	-	-	-	-	-	-	-
Other working capital requirements	3	5,148	4,817	4,157	4,886	4,957	4,957	623	(236)	301
Other provisions		-	-	-	-	-	-	-	-	-
Long term investments committed	4	-	-	-	-	-	-	-	-	-
Reserves to be backed by cash/investments	5	-	-	-	-	-	-	-	-	-
<b>Total Application of cash and investments</b>		<b>9,253</b>	<b>8,671</b>	<b>8,966</b>	<b>9,386</b>	<b>9,457</b>	<b>9,457</b>	<b>1,690</b>	<b>(236)</b>	<b>301</b>
<b>Surplus(shortfall)</b>		<b>13,643</b>	<b>14,622</b>	<b>16,783</b>	<b>16,154</b>	<b>16,083</b>	<b>21,583</b>	<b>29,350</b>	<b>28,276</b>	<b>24,739</b>

**References**

1. Must reconcile with Budgeted Cash Flow;
2. For example: VAT, taxation;
3. Council approval for policy required - include sufficient working capital (e.g. allowing for a % of current debtors > 90 days as uncollectable);
4. For example: sinking fund requirements for borrowing;
5. Council approval required for each reserve created and basis of cash backing of reserve

**KZN285 Mthonjaneni - Table A9 Asset Management**

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>CAPITAL EXPENDITURE</b>										
<b>Total New Assets</b>	1	4,593	4,287	5,547	1,692	1,692	1,692	5,904	6,950	7,150
Infrastructure - Road transport		-	-	-	-	-	-	-	-	-
Infrastructure - Electricity		537	539	968	1,000	1,000	1,000	1,000	1,100	1,200
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		537	539	968	1,000	1,000	1,000	1,000	1,100	1,200
Community		3,684	2,911	4,415	-	-	-	4,300	5,000	5,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	372	817	144	692	692	692	804	850	950
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Renewal of Existing Assets</b>	2	227	45	5,937	8,220	8,220	8,220	9,762	10,760	13,003
Infrastructure - Road transport		227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Infrastructure - Electricity		-	-	-	-	-	-	-	-	-
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Community		-	-	-	-	-	-	5,762	-	-
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	-	-	-	-	-	-	-	-	-
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure</b>	4	227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Infrastructure - Road transport		227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Infrastructure - Electricity		537	539	968	1,000	1,000	1,000	1,000	1,100	1,200
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		763	584	6,924	9,220	9,220	9,220	5,000	11,860	14,283
Community		3,684	2,911	4,415	-	-	-	10,082	5,000	5,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6	372	817	144	692	692	692	804	850	950
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL CAPITAL EXPENDITURE - Asset class</b>	2	4,820	4,312	11,483	9,912	9,912	9,912	15,866	17,710	20,233
<b>ASSET REGISTER SUMMARY - PPE (WDV)</b>										
Infrastructure - Road transport	5	4,042	3,977	9,763	17,000	17,000	17,000	21,800	31,900	43,800
Infrastructure - Electricity		5,008	5,008	5,583	6,000	6,000	6,000	6,500	7,000	7,000
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	-	-	-	-	-	-	-
Infrastructure		9,051	8,985	15,446	23,000	23,000	23,000	28,300	38,900	50,800
Community		8,886	10,347	14,383	14,000	14,000	14,000	22,000	26,000	50,000
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets		2,628	1,876	1,528	2,000	2,000	2,000	2,200	2,800	3,400
Agricultural Assets		-	-	-	-	-	-	-	-	-
Biological assets		-	-	-	-	-	-	-	-	-
Intangibles		-	-	-	-	-	-	-	-	-
<b>TOTAL ASSET REGISTER SUMMARY - PPE (WDV)</b>	5	20,543	21,208	31,356	39,000	39,000	39,000	52,500	67,500	84,000
<b>EXPENDITURE OTHER ITEMS</b>										
<b>Depreciation &amp; asset impairment</b>	3	1,330	1,844	1,333	2,100	2,100	2,100	2,550	3,000	3,500
<b>Repairs and Maintenance by Asset Class</b>		-	-	1,519	2,109	2,109	-	2,284	2,380	2,465
Infrastructure - Road transport		-	-	111	287	287	-	257	285	275
Infrastructure - Electricity		-	-	324	250	250	-	270	280	290
Infrastructure - Water		-	-	-	-	-	-	-	-	-
Infrastructure - Sanitation		-	-	-	-	-	-	-	-	-
Infrastructure - Other		-	-	108	210	210	-	250	285	280
Infrastructure		-	-	543	747	747	-	777	810	845
Community		-	-	-	50	50	-	50	55	60
Heritage assets		-	-	-	-	-	-	-	-	-
Investment properties		-	-	-	-	-	-	-	-	-
Other assets	6,7	-	-	976	1,312	1,312	-	1,457	1,515	1,560
<b>TOTAL EXPENDITURE OTHER ITEMS</b>		1,330	1,844	2,853	4,209	2,100	2,100	4,834	5,380	5,965
<b>% of capital exp on renewal of assets</b>		4.9%	1.1%	107.0%	485.8%	485.8%	485.8%	165.3%	154.8%	183.0%
<b>Renewal of Existing Assets as % of deprecn</b>		17.0%	2.8%	445.2%	391.4%	391.4%	391.4%	382.8%	358.7%	373.8%
<b>R&amp;M as % of PPE</b>		0.0%	0.0%	4.8%	5.4%	5.4%	0.0%	4.4%	3.5%	2.0%
<b>Renewal and R&amp;M as % of PPE</b>		1.0%	0.0%	24.0%	28.0%	28.0%	21.0%	23.0%	19.0%	19.0%

**References**

- Detail of new assets provided in Table SA34a
- Detail of renewal of existing assets provided in Table SA34b
- Detail of Repairs and Maintenance by Asset Class provided in Table SA34c
- Must reconcile to total capital expenditure on Budgeted Capital Expenditure
- Must reconcile to 'Budgeted Financial Position' (written down value)
- Donated/contributed and assets funded by finance leases to be allocated to the respective category

KZN285 Mthonjaneni - Table A10 Basic service delivery measurement

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Outcome	Outcome	Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Household service targets (000)</b>	1									
<b>Water:</b>										
Piped water inside dwelling										
Piped water inside yard (but not in dwelling)										
Using public tap (at least min.service level)	2									
Other water supply (at least min.service level)	4									
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Using public tap (< min.service level)	3									
Other water supply (< min.service level)	4									
No water supply										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<b>Sanitation/sewerage:</b>										
Flush toilet (connected to sewerage)										
Flush toilet (with septic tank)										
Chemical toilet										
Pit toilet (ventilated)										
Other toilet provisions (> min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Bucket toilet										
Other toilet provisions (< min.service level)										
No toilet provisions										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<b>Energy:</b>										
Electricity (at least min.service level)										
Electricity - prepaid (min.service level)										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Electricity (< min.service level)										
Electricity - prepaid (< min.service level)										
Other energy sources										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<b>Refuse:</b>										
Removed at least once a week										
<i>Minimum Service Level and Above sub-total</i>		-	-	-	-	-	-	-	-	-
Removed less frequently than once a week										
Using communal refuse dump										
Using own refuse dump										
Other rubbish disposal										
No rubbish disposal										
<i>Below Minimum Service Level sub-total</i>		-	-	-	-	-	-	-	-	-
Total number of households	5	-	-	-	-	-	-	-	-	-
<b>Households receiving Free Basic Service</b>	7									
Water (6 kilolitres per household per month)										
Sanitation (free minimum level service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed at least once a week)								0		
<b>Cost of Free Basic Services provided (R'000)</b>	8									
Water (6 kilolitres per household per month)										
Sanitation (free sanitation service)										
Electricity/other energy (50kwh per household per month)										
Refuse (removed once a week)										
Total cost of FBS provided (minimum social package)		-	-	-	-	-	-	-	-	-
<b>Highest level of free service provided</b>										
Property rates (R'000 value threshold)		15,000						15,000		
Water (kilolitres per household per month)										
Sanitation (kilolitres per household per month)										
Electricity (kwh per household per month)		50						50		
Refuse (average litres per week)								210		
<b>Revenue cost of free services provided (R'000)</b>	9									
Property rates (R15 000 threshold rebate)								304		
Property rates (other exemptions, reductions and rebates)										
Water										
Sanitation										
Electricity/other energy								100		
Refuse								50		
Municipal Housing - rental rebate										
Housing - top structure subsidy										
Other										
Total revenue cost of free services provided (total social package)	6	-	-	-	-	-	-	454	-	-

**References**

1. Include services provided by another entity; e.g. Eskom
2. Stand distance <= 200m from dwelling
3. Stand distance > 200m from dwelling
4. Borehole, spring, rain-water tank etc
5. Must agree to total number of households in municipal area
6. Include value of subsidy provided by municipality above provincial subsidy level
7. Show number of households receiving at least these levels of services completely free
8. Must reflect the cost to the municipality of providing the Free Basic Service

**A. APPLICATION UNDER THE TOWN PLANNING ORDINANCE NO. 27 OF 1949 AND THE TOWN PLANNING SCHEME**

- |    |  |  |
|----|--|--|
| 1. | Subdivision of land (The remainder to be counted as subdivision) Basic fee per subdivision | R 250.00   |
| 2. | Applications for special consent change of usage (section 67 bis) per application          | R 400.00   |
| 3. | Town Planning Scheme clauses   | P/Pg R 12.00   |
| 4. | Town Maps (Erf No.)  | R 175.00   |
| 5. | Fees payable for applications for rezoning   |  |
|    | Area of land to be rezoned (section 47 bis)  |  |
| a. | Less than 1ha  | R 250.00   |
| b. | 1ha but less than 5ha  | R 450.00   |
| c. | 5ha but less than 10ha   | R 600.00   |
| d. | 10ha and over  | R600.00 + R50 for every ha or part thereof in excess of 10ha |

**B. CHARGES FOR THE SUBMISSION OF PLANS FOR NEW BUILDINGS OR ALTERATIONS OR EXTENSIONS TO EXISTING COMPLETED BUILDING**

1. **New works**  
For each new building or additions to existing buildings per square metre:
 

a.	For the first 20m <sup>2</sup>	R 200.00
b.	Each additional 10m <sup>2</sup> or part thereof up to 5 000m <sup>2</sup>	R 25.00
c.	Each additional 10m <sup>2</sup> or part thereof more than 5 000m <sup>2</sup> and up to 15 000m <sup>2</sup>	R 20.00
d.	Each additional 10m <sup>2</sup> or part thereof more than 15 000m <sup>2</sup>	R 15.00
e.	For swimming pools	R 300.00
f.	For boundary walls	R 300.00
g.	For any other plan submitted other than described above, a fixed tariff of	R 450.00
h.	For a permit for minor structures in terms of Act 103 of 1977, a fixed tariff of	R 200.00
2. **As built or amended plans**  
For as built plans, 25% of existing submission fee, plus full tariff for additional new works
3. **Internal alterations to existing buildings**  
Any form of internal alterations to existing buildings of any nature not defined as "as built" or amended plans" (i.e. plans passed and structures which have already passed occupation requirements)
 

a.	Fixed tariff: Structures up to 500m <sup>2</sup>	R 300.00
b.	Structures up to 5000m <sup>2</sup>	R 600.00
c.	Structures exceeding 5000m <sup>2</sup>	R1 100.00
4. **For the renewal of plans which have expired**  
50% of existing submission fee

5. **Reproduction of Building Plans**

Reproduction of building plans on paper

- |    |    |         |
|----|----|---------|
| a. | A0 | R 35.00 |
| b. | A1 | R 25.00 |
| c. | A2 | R 20.00 |
| d. | A3 | R 15.00 |

Reproduction of building plans on Plastic Film

- |    |    |          |
|----|----|----------|
| a. | A0 | R 100.00 |
| b. | A1 | R 60.00  |
| c. | A2 | R 40.00  |
| d. | A3 | R 30.00  |

- |     |   |          |
|-----|---|----------|
| 6.  | Minor works in terms of the National Building Regulations or other work not listed above                              | R 65.00  |
| 7.  | Amendments to plans   | R 65.00  |
|     | instructions  | R 250.00 |
| 9.  | Additional on site inspections – per visit of Municipality)   | R 65.00  |
|     |   | R 300.00 |
| 11. | Signs - Post type signs, i.e. the type of sign designed to take inter-changeable posters: Charge for inspection plans | R 80.00  |

**C. BUS AND TAXI RANKS**

Fee for the issue or renewal of a permit to use a public vehicle stand:

- |    |  |          |
|----|--|----------|
| 1. | Public buses, per annum for each bus   | R 250.00 |
| 2. | Per annum for each bus in excess of two in the same ownership                                  | R 150.00 |
| 3. | Taxis, per annum   | R 120.00 |
| 4. | Agents for the privilege of operating from the Bus Rank, per vehicle per annum or part thereof | R 120.00 |

**D. CEMETERY**

- |    |   |          |
|----|---|----------|
| 1. | Burial fees:  |          |
| a. | Where the deceased immediately before his death was resident in the Council's area of jurisdiction or alternatively reserved a site | R 300.00 |
| b. | Where the deceased was not a resident as in (a)   | R 700.00 |
| 2. | Reservation fees<br>A non-refundable amount shall be payable for each plot reserved.  | R 300.00 |
| 3. | Grave   | R 800.00 |
| 4. | Indigent support grant – (in terms of the Indigent Support Policy as approved by Council, from time to time.)                       |          |
| 5. | Pauper Burial   | Free     |

**E. COMMONAGE**

- |    |  |         |
|----|--|---------|
| 1. | Grazing fee - payable monthly in advance<br>For every horse, mule, donkey and head of cattle, per head | R 25.00 |
|----|--|---------|

## **F. EXECUTION OF WORK**

For the execution of the following services for the purposes envisaged in sections 219 and 220 of the Local Authorities Ordinance, No.25 of 1974, the following charges shall be levied and paid, provided that prior to these services being undertaken, arrangements to the satisfaction of the Municipal Manager shall be made for the payment of the amount involved, except where it is specifically stated that the fees shall be paid in advance:

- |    |   |                  |
|----|---|------------------|
| 1. | Hardening of footpaths, including the reinstatement of existing footpaths: Cost plus  | <b>20%</b>       |
| 2. | Special drainage<br>Connecting storm water drains and channels from private property to open channels and adjoining kerb (connections up to and including 150mm diameter pipes) across footpaths: Cost plus | <b>20%</b>       |
| 3. | Reinstatement of road surfaces: Cost plus   | <b>20%</b>       |
| 4. | Altering of storm water culverts channels, sewers, kerbs or footpaths to permit the erection of veranda columns or other structures: Cost plus  | <b>20%</b>       |
| 5. | Erection of street gutter bridges or kerb entrances across street drains:   |                  |
|    | a. When constructed simultaneously with the laying of any street  | <b>no charge</b> |
|    | b. When constructed after the street has been completed: Cost plus  | <b>20%</b>       |
| 6. | Jobbing, etc. In respect of any materials or repairs, construction or any other work, there shall be payable the actual cost to the Council plus  | <b>20%</b>       |
| 7. | Hire of Digger / (TLB) – per hour or part thereof   | <b>R 500.00</b>  |

## **G. MISCELLANEOUS**

- |      |   |                 |
|------|---|-----------------|
| 1.   | Valuations  |                 |
| 1.1. | Notice of appeal in terms of section 53 of the Property Rates Act, No. 6 of 2004.                                   | <b>R 120.00</b> |
| 1.2. | Valuation roll, per copy  | <b>R 120.00</b> |
| 1.3. | Valuation certificate for issue reflecting the rateable value of immovable property appearing in the valuation roll | <b>R 80.00</b>  |
| 2.   | Any certificate in terms of section 118 of the Municipal Systems Act.   | <b>R 80.00</b>  |

### **3. Application fees and deposits for a licence/permit for outdoor advertising**

Every person who applies to the Council for its approval or permission shall, on making application, pay to the Council the charge determined therefore and no application shall be considered until such charge has been paid; the charges are set out below:

- 3.1.1. A non-refundable application fee of R150.00 (One hundred and Fifty Rand) must be tendered with each application for sign types 2 (ground signs), 3 (wall signs), 4 (roof signs) and 5 (veranda, balcony, canopy and under-awning signs). Any minor amendment to an application, considered by the duly authorised official of Council to be a minor amendment, may be submitted at a reduced application fee of R50.00 (Fifty Rand) each.



- 3.1.2. A non-refundable application fee of R450.00 (Four Hundred and Fifty Rand) must be tendered with each application for sign type 1 (billboards) and all non-locality bound signs in excess of 12m<sup>2</sup>.
- 3.1.3. The approval fee for 1 and 2 is R40.00 (Forty Rand) per square metre of advertising display or part thereof with a minimum fee of R40.00 (Forty Rand) per application.
- 3.1.4. A non-refundable application fee of R50.00 (Fifty Rand) must be tendered with each application for advertisements for sign types 6 (posters, banners and flags).
- 3.1.5. On approval of posters, the applicant must purchase non-refundable stickers from the Council which are to be clearly visible on all posters displayed as follows:
- R1.00 (One Rand) per sticker to be paid for each poster to be displayed for non-profit bodies only. These posters must display the fundraising numbers of the bodies or a formal constitution has to be submitted to the Council. No commercial advertising and logos of sponsors will be permitted to appear on such posters;
- a. R2.50 (Two Rand and Fifty cents) per sticker to be paid for each poster to be displayed for religious, sporting, social, cultural, political and other events. A subordinate percentage of commercial advertising and logos of sponsors is permitted to appear on such posters; or
- b. R5.00 (Five Rand) per sticker to be paid for each poster to be displayed for events considered by the Council or its duly authorised officials to be primarily of a commercial nature.
- 3.1.6. A non-refundable application fee of R600.00 (Six Hundred) per annum or part thereof must be tendered with the annual application for sign type 7 (estate agents' boards); the maximum number of boards required at any given time to be specified in such application.
- 3.1.7. A non-refundable application fee of R50.00 (Fifty Rand) each per annum must be tendered with the annual application for sign type 7 (portable boards or any other collapsible structure).
- 3.1.8. A non-refundable application fee of R200.00 (Two Hundred) must be tendered with each application for sign type 8 (aerial advertisements); adequate public liability insurance for the duration of display will also need to be furnished to Council's satisfaction.
- 3.1.9. A non-refundable application fee of R1 200.00 (One Thousand, Two Hundred Rand) per annum or part thereof must be tendered with each annual application for any sign type 9 (advertising vehicles); a certified copy of the current vehicle licence will also need to be furnished.
- 3.1.10. An encroachment fee of R45/m<sup>2</sup> to be paid on approval of an application for each sign type that encroaches over Council property.

3.2.	Application fee for permission to create or display any advertisement board or sign	<b>Deposit</b>	<b>R 600.00</b>
4.	Audit Report		
4.1	Final accounts and audit report, per folio		<b>R 15.00</b>
5.	Vehicles		
5.1	Impoundment fee is charged at a rate per vehicle, per day excluding security		<b>R 300.00</b>
6.	Tender Documents:	<b>R 500.00 per document</b>	
7.	Printing of Maps, GIS	<b>Black/white</b>	<b>A4 R 10.00</b>
			<b>A3 R 15.00</b>
			<b>A2 R 25.00</b>
			<b>A1 R 30.00</b>
			<b>A0 R 45.00</b>
		<b>Colour</b>	<b>A4 R 25.00</b>
			<b>A3 R 35.00</b>
			<b>A2 R120.00</b>
			<b>A1 R130.00</b>
			<b>A0 R170.00</b>

#### **H. REFUSE REMOVAL**

1.	Private dwelling, per refuse receptacle for clearance once a week,	- Melmoth	<b>R 46.00</b>
		- Thubalethu	<b>R 17.00</b>
2.	Business premises, industrial premises and administrative premises of the State on a daily basis i.e. 6 days per week		
a.	Up to and including 2 refuse receptacles per month		<b>R165.57</b>
b.	In excess of 2 but not exceeding 4 refuse receptacles, per month		<b>R219.90</b>
c.	In excess of 4 but not exceeding 6 refuse receptacles, per month		<b>R292.45</b>
d.	For each additional receptacle in excess of 6, per month		<b>R 67.84</b>

#### **I. GARDEN REFUSE**

a.	By tractor and small trailer, per load	<b>R250.00</b>
b.	By tractor and large trailer, per load	<b>R350.00</b>
c.	Clearing lots: Cost plus	<b>20%</b>
d.	Clearing of Building rubble, per load	<b>R400.00</b>

## **J. ELECTRICITY SUPPLY AND USE**

The cost of the service cable for all connection fees from the nearest point of supply at the erf boundary will be for the customer's account, except for Light Line and Alternative type connections.

1.	Single phase split pre-payment connection (60 amp)	<b>R1 293.10</b>
2.	a. Single phase pre-payment connection (Thubalethu 20 amp)	<b>R1 567.90</b>
	b. Upgrade single phase pre-payment connection (20 amp - 60 amp) (Thubalethu)	<b>R4 974.80</b>
	c. a 20 amp supply with a connection fee of (Thubalethu Ph III – Indigent support)	<b>R 450.00</b>
3.	Single phase meter conversion from conventional to pre-payment (Domestic and Small Business)	<b>R 947.30</b>
4.	Three phase meter conversion from conventional to three phase pre-payment (Domestic and Small Business)	<b>R2 242.80</b>
5.	Single phase conventional connection	<b>R 974.85</b>
6.	Second single phase prepayment connection on the same or subdivided premises	<b>R6 210.15</b>
7.	Single phase meter conversion from conventional to three phase conventional (Domestic and Small Business)	<b>R6 543.15</b>
8.	Single phase meter conversion from conventional to three phase pre-payment meter (Domestic and Small Business)	<b>R7 180.90</b>
9.	Domestic conversion from single to three phase maximum demand connection (100Amp)	<b>R7 459.35</b>
10.	Domestic three phase conventional connection with a maximum demand of 100A (Melmoth)	<b>R7 239.90</b>
11.	Domestic three phase pre-payment connection	<b>R2 953.20</b>
12.	New 80A single phase supply or conversion from 60A to 80A	<b>R2 394.40</b>
13.	Non-domestic three phase connection with a maximum demand of 100A	<b>R8 685.30</b>
14.	Conversion from 80A single phase pre-payment to 3 phase pre-payment connection	<b>R5 557.30</b>

15. Three phase connection with a max demand greater than 100 Amp (Mthonjaneni) All cost plus 10% of all equipment necessary plus the cost of the infrastructure contributions for additional electricity above that for existing or allowed, based on the zoning and area of the premises.
16. An annual availability charge of **R1450.00** shall be assessed and levied in respect of each service connection
17. Temporary connection
  - a. For building purposes, per building unit or contractor's site **R 250.00**
  - b. Basic monthly charge
    - Single-phase, per month **R 30.00**
    - Three-phase, per month **R 50.00**
18. Tamper Costs:
  - Any meter found to be tampered with **R1 100.00**
  - Plus 3 months average consumption to be calculated by finance department.

#### **K. FEES INVESTIGATING CONSUMER FAULTS**

When the Electricity Department is requested to investigate a power interruption and where it is found that such power failure is due to a fault in the installation, or to the faulty functioning of equipment used in connection therewith, the consumer shall pay the following fees:

- a. Within the Municipal area during normal working hours **R 75.00**  
 After working hours - Additional **R 65.00**
- b. Outside the Municipal area during normal working hours **R120.00**  
 After working hours - Additional **R 90.00**

#### **L. FEES FOR SPECIAL METER READING**

When a consumer disputes the reading of the meter and requests that the meter be read again so as to confirm this, the following fees will be levied if found that the first reading was correct: **R 75.00**

#### **M. DEFAULT IN PAYMENT**

Where the consumer's supply has been disconnected / or due to be disconnected due to the non-payment of the account there shall be a payable fee of **R 75.00**

## **N. ELECTRICITY TARIFFS**

<b>Domestic Prepaid</b>	<b>Consumption</b>	<b>107.16c/kwh</b>
<b>Domestic Credit</b>		
1 - 50 kwh		61.6 c/kwh
51 - 350 kwh		66.1 c/kwh
351 - 600 kwh		80.9 c/kwh
601 - 99999 kwh		94.6 c/kwh

### **Basic Charge: Single Phase**

Domestic: 70 Amps – Basic: R90.00/month

Domestic: 100 Amps – Basic: R92.45/month

<b>Commercial Prepaid</b>	<b>Consumption:</b>	<b>109.44c/kWh</b>
<b>Single Phase</b>		
Commercial: 70 Amps – Basic: R169.60/month	Energy: 73.42c/kWh	
<b>3 Phase</b>		
Commercial: 60 Amps – Basic: R169.60/month	Energy: 73.42c/kWh	
Commercial: 100 Amps – Basic: R260.33/month	Energy: 73.42c/kWh	

### **Large Customers**

Greater than 100 Amps – KVA: R109.06 per KVA/month

Energy: 45.44c/kWh

## **O. COMMUNITY HALLS AND SPORTSFIELDS**

### **1. The following are exempt from the payment of tariffs and deposits for Community Halls:**

- 1.1 Meetings administered by National or Provincial Departments associated with National or Provincial initiatives to promote upgrading, upliftment or development within Council area of jurisdiction.
- 1.2 Meeting of Senior Citizens Club, Service Clubs, Schools, Associations, Charitable/Welfare Organisations, Amateur Sports Institutions and Religious Activities (excluding church service), Ward Committee Meetings.

### **2. The following tariffs and deposits are payable for the hire of the facilities:**

#### **Community Hall**

2.1.1 Weddings	<b>R1 100.00</b>
2.1.2 Other functions that is Dances, shows, bazaars	<b>R 800.00</b>
2.1.3 Political, Union and similar Meetings	<b>R 250.00</b>
2.1.4 Church Services	<b>R 125.00</b>
2.1.5 Kitchen	<b>R 350.00</b>
2.1.6 Crockery	<b>R 350.00</b>
2.1.7 Hiring of Round Tables in the Main Hall, per function	<b>each R 30.00</b>

## USAGES AND TARIFFS FOR BOTH CRECHES AND P- CENTERS

**NB:** No deposits for these facilities as the people who live in these areas are of a low income.

### **CRECHES**

1. Weddings -	R 350.00
2. Parties -	R 150.00
3. Churches-	R 50.00
4. Political Meetings	R 100.00
5. Funerals	R 50.00
6. Municipality	Free
7. Government Functions-	Free
8. Community Meetings-	Free
9. Sport Meetings-	Free

### **P- CENTRES**

1. Weddings -	R 600.00
2. Parties -	R 400.00
3. Churches -	R 50.00
4. Political Meetings -	R 350.00
5. Funerals -	R 50.00
6. Municipality -	Free
7. Government Functions	Free
8. Community Meetings	Free
9. Sports Meetings	Free

#### **2.2 Preparation and Cleaning**

Where the venue is required solely for the preparation or cleaning up purposes on the day before or after the day of hire: 25% of the relevant daily hire.

#### **2.3 Deposits**

2.3.1. A deposit of **R2000.00** shall be payable to cover any possible breakage by hirers in terms of clauses 2.1.1, 2.1.2 and 2.1.3, of which **R 1700.00** is refundable

2.3.2 A deposit of **R350.00** shall be payable by users in terms of clauses 1.1, 1.2 and 2.1.4, to cover any possible breakages, of which **R 300.00** is refundable.

#### **2.4 The following tariff to be applied in the circumstances mentioned below:**

2.4.1 Where the hirer has failed to wash, dry and stack all dishes and leave the kitchen in a clean and tidy state, the work will be carried out by Municipal labour and the hirer shall be liable for the cost thereof at **actual cost + 20%**

### **2.5 Sportsfields**

#### **2.5.1 Deposits and Rentals**

2.5.1.1 Deposit for the Association **R1 000.00**

2.5.1.2 Rental per day **R 200.00**

2.5.1.3 Two Games per day, 3 times a week

2.5.1.4 Association to give Council an annual fixture for the games

#### **2.5.2 Schools**

2.5.2.1 Rental per day **R 165.00**

2.5.2.2 Deposit **R1 000.00**

2.5.3	<u>Rallies / Special Events</u>		
2.5.3.1	Rental per day		R1 100.00
2.5.3.2	Deposit		R2 000.00
2.5.4	<u>Sports Equipment</u>		
To be used at special occasions on request.			
2.5.5	Thubalethu Sport Field:	Deposit	R 400.00
		Hire	R 100.00
2.5.6	Regional Sports Field:	Deposit	R 150.00

## **P. LIBRARY ACTIVITIES**

Library hours:	Monday – Friday	10:00am – 4:00pm
	Saturday	9:00am – 11:00am

a.	Tariffs on overdue Material:		
(i)	On books	- per book per week	R 20.00
		<b>Maximum fine</b>	<b>R 100.00</b>
(ii)	On DVD's & Videos	- on each per day	R 30.00
		<b>Maximum fine</b>	<b>R 150.00</b>
b.	Photocopies	- per page	R 4.00
c.	Internet print out	- per page	R 4.00

## **Q. SWIMMING POOL**

a.	Use of the pool between the hours of 10:00 & 18:00	per adult	R 15.00
		per child	R 7.00
	Season Ticket	<b>R 70.00 + R 70.00 for Key</b>	
b.	Children up to and including 6 years of age if accompanied by an adult		<b>Free</b>
c.	No child aged 6 years and under, if un-accompanied by an adult, will be admitted to the pool.		

## **R. FIRE BRIGADE SERVICES**

- a. Fire brigade services rendered in respect of attendance at fires, emergencies and special services within the council's area of jurisdiction. (Note that all charges indicated are levied per hour or part thereof from the time of departure until time returned. Part of an hour is deemed to be a full hour).

**Note! For Fire & Rescue Incidents 50% of the hourly fee will apply for fires that are out on arrival, motor vehicle accidents that are of a fender bender nature and for all incidents that require a standby function by fire fighting crews.**

1.	<b>FIRE OR RESCUE INCIDENTS</b>	
1.1	Attendance at fires in residential/non-profit premises	<b>R1 500.00</b>
1.2	Attendance at fires in commercial or industrial premises	<b>R2 300.00</b>
1.3	Attendance at private vehicle	<b>R1 500.00</b>
1.4	Attendance at goods vehicle or other transportation	<b>R2 300.00</b>
1.5	Attendance at grass, bush or rubbish	<b>No charge</b>

1.6	Attendance at any grass, bush, garden refuse or rubbish Fire caused by any malicious act or omission, negligence Or disregard of any law	<b>R 500.00</b>
1.7	Attendance at any false alarm good intent, automatic Fire alarm: false alarm good intent or any fire – out on arrival	<b>No charge</b>
1.8	Attendance at automatic fire alarm: false alarm condition caused by any omission, negligence or lack of reasonable maintenance or disregard of any law).	<b>R1 500.00</b>
1.9	Attendance at entrapments	<b>R1 500.00</b>
1.10	Attendance at vehicle accidents	<b>R1 500.00</b>
1.11	Attendance at medical emergencies or other rescue	<b>R1 500.00</b>
1.12	Attendance at other humanitarian service	<b>R1 500.00</b>
1.13	Attendance at any malicious false alarm caused by any malicious act or omission, negligence or disregard of any law	<b>R1 500.00</b>
1.14	Cost of replacement of any extraordinary extinguishing Agents, supplies, materials, tools or equipment used at, or damaged during any accident or in connection with any such incident or the hire of any contractors or equipment.	
<b>2.</b>	<b>HAZMAT OR SPILLAGES</b>	
2.1	Attendance at hazardous substance incidents	<b>R2 800.00</b>
2.2	Attendance at fuel spillages and road obstructions on roadway	<b>R2 800.00</b>
2.3	Attendance at any malicious false alarm caused by any Malicious act or omission, negligence or disregard of any law	<b>R1 500.00</b>
2.6	Cost of replacement of any extraordinary Extinguishing agents, supplies, materials, tools or Equipment used at, or damaged during any incident or in Connection with any such incident or the hire of any Contractors or equipment.	<b>Cost plus 15%</b>
<b>3.</b>	<b>SPECIAL SERVICES</b>	
3.1	Pumping operations (hourly rates plus cost of water)	<b>Refer to</b>
3.2	Miscellaneous special services	<b>charges set out</b>
3.3	Standby services	<b>in section B.2.</b>
3.4	Attendance at Bee, Snake or other dangerous creature Complaints	<b>R300.00 p/hr</b>
3.5	Equipment loan: emergency life support	<b>R 15.00 p/hr</b>
3.6	Cost of replacement of any extraordinary extinguishing Agents, supplies, materials, tools or equipment used at, Or damaged during any incident or in connection with Any such incident or the hire of any contractors or Equipment.	<b>Cost plus 15%</b>



**B. FIRE BRIGADE SERVICES RENDERED IN RESPECT OF ATTENDANCE AT FIRES, RESCUES, HAZARDOUS MATERIAL INCIDENTS AND SPECIAL SERVICES, OUTSIDE COUNCIL'S AREA OF JURISDICTION**

(Note that all charges indicated below are levied per hour or part thereof From the time of departure until time returned. Part of an hour is deemed To be a full hour).

<b>1</b>	<b>TURN – OUT FEE AND REPLACEMENT COSTS</b>	
1.1.	A Turn – out fee will be levied in addition to the charges specified in B.2. below.	<b>R1 700.00</b>
1.2.	This turn – out fee is not applicable in respect of an Official Mutual Aid Agreement between Fire Brigade Services.	
1.3.	Cost of replacement of any extraordinary extinguishing agents, supplies, materials, tools or equipment used at, or damaged during any incident or in connection with any incident or in connection with any such incident or the hire of any contractors or equipment.	<b>Cost plus 15%</b>
<b>2.</b>	<b>VEHICLES PERSONNEL &amp; EQUIPMENT</b>	
2.1.	Per fire tender or rescue appliance	<b>R2 300.00</b>
2.2.	Per equipment trailer	<b>R 400.00</b>
2.3.	Per aquatic rescue craft	<b>R 400.00</b>
2.3.	Per staff car / bakkie sakkie	<b>R 500.00</b>
2.4.	Per item of portable motor driven equipment	<b>R 150.00</b>
2.5.	Per kilometre per fire tender or rescue vehicle	<b>R 8.00</b>
2.6.	Per kilometre per staff car	<b>R 4.00</b>
2.7.	Per fire officer	<b>R 250.00</b>
2.8.	Per firefighter	<b>R 150.00</b>

**C. FIRE SAFETY SERVICES**

1.	Registration of flammable substance installations and vehicles	<b>R 100.00</b>
2.	Investigation of fires	<b>as per B.2.</b>
3.	Per copy of incident report	<b>R 50.00</b>
4.	Standby services	<b>as per B.2.</b>
5.	Fire survey as requested	<b>as per B.2.</b>

**D. CONTROL CENTER SERVICES**

1.	Monthly monitoring fee: Alarm systems linked to Fire control	<b>R 120.00</b>
2.	Copy of alarm or incident report	<b>R 50.00</b>

**NOTE!** The Company Directors reserve the right to waive any of the above charges.

## **2. BUDGET PROCESS**

### **2.1 OVERVIEW**

The budget process is governed by the legislation, via:

- The Constitution of the Republic of South Africa; and
- Municipal Finance Management Act ;( MFMA) and
- Municipal Systems Act ;( MSA) and
- Municipal Structures Act; and
- Municipal Property Rates Act; and
- National Treasury Circulars.

The budget process is an effective process that every local government must undertake to ensure good governance and accountability. The process outlines the current and future direction that Mthonjaneni would follow in order to meet legislative stipulations. The budget process enables Mthonjaneni Municipality to optimally involve residents and other stakeholders in the budgeting process. Mthonjaneni Municipality's Budget/Integrated Development Plan (IDP) Review process for the 2010/11 financial year started with the development and approval on 30 September 2009 of the "Process Plan for the Budget formulation and IDP Review". The outcome of the process plan was an understanding and commitment by all stakeholders on the process to be followed in reviewing the IDP as well as formulating the budget. As a prelude to finalizing the budget process for the compilation of the 2010/11 medium term budget various meetings to review the existing procedures and to ensure that the budget is more closely aligned to the IDP and Service Delivery and Budget Implementation Plan (SDBIP). To assist with the integration between the IDP and the budget, regular meetings were scheduled involving the Municipal Manager, Mayor and all Heads of Departments. This was an ongoing process and presentations were made to all departments on outcomes based budgeting and its link to the IDP / SDBIP and Performance Management. The revised IDP was approved by Council on 25 March 2010 and this then informed the budget process to be followed. During January 2010 and February 2010 deliberations were held on the budget with the budget committee and Senior Managers with a view to assessing the budget and reducing the deficit in order to ensure that the increases in rates and tariffs to balance the budget was restricted to an acceptable level. This entailed the re-examining of certain items of expenditure. The draft budget was tabled by the Mayor on 24 March 2010 in terms

of section 16(2) of the MFMA. During the prioritization process of the capital budget, the impact of capital projects on future operating budgets was assessed and considered prior to these projects being approved. Both the Operating and Capital budgets have been evaluated through a prioritization mechanism that ensures alignment to the development strategy of the municipality.

## **2.2 POLITICAL OVERSIGHT OF THE BUDGET PROCESS**

### **2.2.1 SCHEDULE OF KEY DEADLINES RELATING TO BUDGET PROCESS**

The budget time schedule for the compilation of the 2010/11 medium term budget was approved by Council in August 2009, well before the start of the budget year and in compliance with the MFMA. One of the objectives of the budget timetable is to ensure integration between the development of the IDP and the budget and also to ensure that a Balanced budget is tabled for consideration and approval.

The following provides an extract of the key deadline relating to the budget process.

#### **DESCRIPTION DATE**

1. Time Schedule Approved by Council. 26 August 2009
2. IDP Process Plan Approved by Council 30 September 2009.
3. Tabling of draft budget to Council. 24 March 2010
4. Mayoral Imbizos on the draft budget. May 2010
7. Closing date for inputs on draft budget. 19 May 2010
8. Report to Council on inputs on the budget. 25 May 2010.
9. Approval of final budget by Council. 26 May 2010.
10. Submission of Budget to P.T., N.T. & DLGTA 1 June 2010
11. Approval of SDBIP's by Mayor. 24 June 2010

### **2.2.2 PROCESS FOR CONSULTATIONS WITH EACH GROUP OF STAKEHOLDERS AND OUTCOMES.**

The tabling of the draft Budget in Council on 24 March 2010 was followed by extensive publication of the budget documentation in the local media in April 2010. Copies of the tabled budget in both electronic and printed formats were submitted to National Treasury As well as the Kwazulu-Natal Provincial Treasury.

The tabled budget was also published on the Council's website.

In terms of the Municipal Systems Act and in conjunction with the Municipal Finance Management Act, Mayoral Imbizos on both the operating and capital budgets were held during May 2010. A notice was published in the local newspapers inviting ratepayers, residents, businesses, agriculture and other stakeholders for their inputs:

## **2.3 OVERVIEW OF ALIGNMENT OF ANNUAL BUDGET WITH INTEGRATED DEVELOPMENT PLAN VISION OF MTHONJANENI MUNICIPALITY**

Mthonjaneni Municipality will strive to promote local economic development through investments and establishment of partnerships, to provide level of quality services to all residents through establishments of proper communication channels, improved infrastructure and maintenance of its financial viability.

### **2.3.1 MISSION OF MTHONJANENI MUNICIPALITY**

Our mission is to promote a quality social and economic environment for all living in our boundaries by:

- Providing opportunities for all to aspire to a better life;
- Providing a safe and secure environment;
- Providing a high level of affordable essential basic services,
- Supporting the poorest of the poor and vulnerable groups;
- Providing service excellence;
- Encouraging community participation in service delivery; and
- Good governance.

### **2.3.2 INTEGRATED DEVELOPMENT PLANNING WHAT IS INTEGRATED DEVELOPMENT PLANNING?**

1. Integrated Development Planning is a process through which municipalities prepare a strategic development plan, for a five year period. The integrated Development Plan (IDP) is a product of the process.
2. The IDP is the principal strategic planning document which guides all planning, budgeting, management and decision-making in a municipality.
3. Integrated Development Planning is therefore one of the key tools for local government to fulfill its new developmental role.

### **2.3.3 LEGAL REQUIREMENTS**

In terms of Chapter 5 of the Municipal Systems Act, 2000 all municipalities are required to prepare and adopt Integrated Development Plans. The Mthonjaneni IDP was adopted in 2002. An annual review of Council's Integrated Development Plan (IDP) is required in terms of Section 34 of the Municipal Systems Act read in conjunction with the provisions of Section 53 (1) (b) of the Municipal Finance Management Act (No. 56 of 2003). These have duly been undertaken.

The IDP has a five year lifespan which is in accordance with the term of office of the Council. At the end of the five year period, the new council has the option of either adopting the IDP of its predecessor or to develop a new plan altogether. The present Council has continued with the existing IDP, as reviewed annually.

### **2.3.4 APPROACH**

The IDP is one of the 4 important management tools employed by the municipality in its management cycle. The other 3 being the Budget, the Service Delivery and Budget Implementation Plan, and the Performance Management System.

In undertaking the Review, Council has to ensure that the process is:

- Implementation orientated
- Strategic
- Integrated
- Participatory

The product of this process is the IDP Review Report.

The review process has been guided by a Process Plan, which was adopted by Council in September 2009, advertised for public comment and submitted to the IDP Forum.

Extensive public consultation was undertaken to inform the review.

The review has two main functions:

- To review the relevance and priority of projects;
- To refine the existing IDP in certain identified areas where funding is available. This IDP Review has included the capture of existing and new information into a format that aligns with that recommended by the Ministry of Co-operative Governance and Traditional Affairs.

This report indicates that all future IDP Assessments will keep within the following seven broad assessment factors:

- Municipal Transformation and Institutional Development.
- Local Economic Development.

- Basic Service Delivery and Infrastructure Investment
- Financial Viability and Financial Management.
- Good Governance and Community Participation
- Spatial Development Framework
- Cross-cutting Issues such as Legal Compliance and Document Outlook.

### **2.3.5 LINK BETWEEN IDP AND NATIONAL/PROVINCIAL/DISTRICT PRIORITIES**

Mthonjaneni Municipality's developmental plan needs to be aligned with National, Provincial and District initiatives to ensure optimal impact from the combined effects of government. Mthonjaneni Municipality is pleased to note that this plan meets the priorities that more directly affect local government.

### **2.3.6 IDP REVIEW PROCESS AND STAKEHOLDER PARTICIPATION**

As set out in the Municipal Systems Act (2000), in the review of the IDP on an annual basis, a stakeholder consultation process is necessary. Of critical importance is for the Municipality to ensure that there is thorough consultation with the community and strategic stakeholders. As part of the Annual Review of the municipality's IDP as prescribed by the Municipal Systems Act, the Council embarked on an extensive process to engage with stakeholders and elicit comments which were fed into the 2010/2011 reviewed IDP.

The review process began with the approval of the Process Plan in September 2009. The broad strategic intent of the IDP, the proposed changes to the way the document will be restructured and the detailed revised process plan was accepted in principle.

Following from the Process Plan, technical committee meetings were held in July, August and October 2009, Forum meetings in September and November 2009, and Public meetings during October 2009. As is the case every year, once the draft IDP is completed, the following mechanisms were used to ensure effective participation and consultation of the plan:

- The draft IDP was placed on the Municipality's website for perusal and comment
- The Municipal Library and Municipal Office had copies for comment

### **2.3.7 LINK BETWEEN THE IDP AND THE BUDGET**

In compliance with the Municipal Structures Act (1998) and Municipal Financial Management Act (2003), Mthonjaneni municipality's budget is informed and aligned to the IDP objectives. The IDP determines and prioritizes the needs of the community. The budgetary allocations for both the capital and operating expenditure are undertaken in a manner that will not only ensure that our IDP outcomes are achieved but also to ensure that the municipality's vision is realized.

Mthonjaneni has come a long way in capital budgeting – away from departmental budgeting. Currently the capital budget is allocated according to the revised IDP. During the 2010/11 IDP revision process, this allocation process was further entrenched through committing to make hard choices. In terms of the operating budget we have made an excellent start but now more committed than ever to ensure that critical operating budget resources are prioritized in terms of stated IDP outcomes. More importantly, the Performance Management System (PMS) allows the municipality an opportunity to monitor and evaluate individual and organizational performance in meeting our IDP outcomes and vision. As with previous year's Mthonjaneni IDP remains the strategic driver of both the budget and performance management system.

### **2.4 OVERVIEW OF BUDGET-RELATED POLICIES**

The following budget-related policies have been approved by Council, or have been reviewed/amended and/or are currently being reviewed/amended in line with National Guidelines and other legislation.

#### **1. Rates Policy**

## **1. RATES POLICY**

Section 5(1) of the Municipal Property Rates Act, No. 6 of 2004 states that a municipal council must annually review, and if necessary, amend its rates policy. Any amendments must accompany the municipality's annual budget when it is tabled in the Council. It is necessary to amend the rates policy for the 2010/11 financial year. And these amendments are as follows:

- 1.1 To require UThungulu District Municipality to pay property rates on property owned or utilized,
- 1.2 To exempt all communal land from rates,
- 1.3 To apply a multi purpose evaluation system to certain properties,
- 1.4 To include an interest rate for arrear rates. The interest rate on arrear rates to be charged at 18% per annum.

## **2.5 OVERVIEW OF BUDGET ASSUMPTIONS**

### **2.5.1 BULK SERVICES INCREASES**

Provision has been made for an increase of 15% for electricity tariffs.

### **2.5.2 TIMING OF REVENUE COLLECTION**

Mthonjaneni Municipality renders monthly accounts for rates and services.

### **2.5.3 COLLECTION RATES FOR EACH REVENUE SOURCE**

The collection rate is the cash collected from ratepayers and consumers expressed as a percentage of the amount billed. The average monthly collection rate and the projections for 2010/11 are as follows:

#### ***AVERAGE 2009/10 PROJECTIONS***

*Rates 95%*

*Electricity 102%*

*Refuse 103%*

**2010/11**

**Rates 95%**

**Electricity 95%**

**Refuse Removal 100%**



#### **2.5.4 RATES**

Due to the strict implementation of the credit control and debt collection policy of Mthonjaneni Municipality the collection of arrear rates will increase as summonses are now issued after 3 months and services are disconnected in respect of arrear rates.

The arrear accounts of Government Departments are up to date, except South African National Roads Agency Board (SANRAB) and Eskom (both government agencies) with regard to Public Service Infrastructure rates. Provision has been made for a 6% increase in the rate randage for the 2010/11 financial year. A rebate of 16% is provided for all categories other than State, PSI and Agricultural. PSI and Agricultural categories are rated at 25% of residential properties. The provision for bad debts has been increased to allow for the write back of rates income raised for PSI as it is expected that the regulations regarding the rating of government agencies will be amended. All the farm properties are now rated fully and the compulsory rebates for newly rated properties have fallen away.

#### **2.5.5 ELECTRICITY**

Strict credit control measures are now in place to minimize theft but the recession will have an impact on collections. In terms of NERSA, a block step tariff has been introduced for all domestic consumers.

#### **2.5.6 REFUSE REMOVAL**

The recession is likely to reduce the current recovery rate.

#### **2.5.7 OTHER TARIFF INCREASES**

All other tariffs have been amended to cater for the additional costs related thereto, i.e. building plan fees, valuation fees, objections, subdivisions, etc. etc.

#### **2.5.8 AVERAGE SALARY INCREASES**

Provision has been made for an 8.48% salary increase in councillors and employee's salaries for the 2010/11 financial year, over and above the wage curve adjustment to be implemented in July 2010 and the nine months back pay.

KZN285 Mthonjaneni - Supporting Table SA22 Summary councillor and staff benefits

Summary of Employee and Councillor remuneration	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand		A	B	C	D	E	F	G	H	I
<b>Councillors (Political Office Bearers plus Other)</b>										
Salary	1	1,139	1,188	1,359	1,434	1,434	1,400	1,509	1,610	1,700
Pension Contributions				169	212	212	202	225	230	250
Medical Aid Contributions				77	38	38	30	37	40	45
Motor vehicle allowance		668	712	564	573	573	565	591	600	620
Cell phone allowance					110	110	108	127	130	136
Housing allowance										
Other benefits or allowances										
In-kind benefits										
<b>Sub Total - Councillors</b>		<b>1,802</b>	<b>1,899</b>	<b>2,110</b>	<b>2,367</b>	<b>2,367</b>	<b>2,300</b>	<b>2,480</b>	<b>2,610</b>	<b>2,750</b>
<b>% Increase</b>	4		<b>5.4%</b>	<b>11.1%</b>	<b>12.2%</b>	<b>-</b>	<b>(2.8%)</b>	<b>6.8%</b>	<b>4.8%</b>	<b>5.4%</b>
<b>Senior Managers of the Municipality</b>										
Salary	2	1,310	1,365	1,508	1,666	1,700	1,700	1,838	1,950	2,100
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Performance Bonus		156	209	181	210	214	214	238	263	273
Other benefits or allowances										
In-kind benefits										
<b>Sub Total - Senior Managers of Municipality</b>		<b>1,506</b>	<b>1,574</b>	<b>1,689</b>	<b>1,866</b>	<b>1,914</b>	<b>1,914</b>	<b>2,076</b>	<b>2,203</b>	<b>2,373</b>
<b>% Increase</b>	4		<b>4.6%</b>	<b>7.8%</b>	<b>9.8%</b>	<b>2.6%</b>	<b>-</b>	<b>6.9%</b>	<b>6.1%</b>	<b>7.7%</b>
<b>Other Municipal Staff</b>										
Basic Salaries and Wages		5,785	6,745	7,992	8,351	8,992	8,900	8,574	12,300	13,000
Pension Contributions								1,132		
Medical Aid Contributions								350		
Motor vehicle allowance										
Cell phone allowance										
Housing allowance										
Overtime								600		
Performance Bonus								600		
Other benefits or allowances								228		
In-kind benefits										
<b>Sub Total - Other Municipal Staff</b>		<b>5,785</b>	<b>6,745</b>	<b>7,992</b>	<b>8,351</b>	<b>8,992</b>	<b>8,900</b>	<b>11,484</b>	<b>12,300</b>	<b>13,000</b>
<b>% Increase</b>	4		<b>16.8%</b>	<b>12.5%</b>	<b>10.0%</b>	<b>7.0%</b>	<b>(0.4%)</b>	<b>29.0%</b>	<b>7.1%</b>	<b>5.7%</b>
<b>Total Parent Municipality</b>		<b>9,094</b>	<b>10,219</b>	<b>11,400</b>	<b>12,564</b>	<b>13,213</b>	<b>13,119</b>	<b>16,050</b>	<b>17,113</b>	<b>18,123</b>
			<b>12.4%</b>	<b>11.6%</b>	<b>10.4%</b>	<b>5.0%</b>	<b>(0.7%)</b>	<b>22.3%</b>	<b>6.6%</b>	<b>5.9%</b>
<b>Board Members of Entities</b>										
Salary										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowances										
Housing allowance										
Board Fees										
Other benefits or allowances										
In-kind benefits										
<b>Sub Total - Board Members of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase</b>	4		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Senior Managers of Entities</b>										
Salary										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowances										
Housing allowance										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
<b>Sub Total - Senior Managers of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase</b>	4		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Other Staff of Entities</b>										
Basic Salaries and Wages										
Pension Contributions										
Medical Aid Contributions										
Motor vehicle allowance										
Cell phone allowances										
Housing allowance										
Overtime										
Performance Bonus										
Other benefits or allowances										
In-kind benefits										
<b>Sub Total - Other Staff of Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>% Increase</b>	4		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total Municipal Entities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL SALARY, ALLOWANCES &amp; BENEFITS</b>		<b>9,094</b>	<b>10,219</b>	<b>11,400</b>	<b>12,564</b>	<b>13,213</b>	<b>13,119</b>	<b>16,050</b>	<b>17,113</b>	<b>18,123</b>
<b>% Increase</b>	4		<b>12.4%</b>	<b>11.6%</b>	<b>10.4%</b>	<b>5.0%</b>	<b>(0.7%)</b>	<b>22.3%</b>	<b>6.6%</b>	<b>5.9%</b>
<b>TOTAL MANAGERS AND STAFF</b>	5	<b>7,292</b>	<b>8,319</b>	<b>9,290</b>	<b>10,217</b>	<b>10,846</b>	<b>10,014</b>	<b>13,560</b>	<b>14,503</b>	<b>15,373</b>

**References**

1. Include 'loans and advances' where applicable if any reportable amounts until phased compliance with s164 of MFMA achieved
2. s57 of the Systems Act
3. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality
4. B/A, C/B, D/C, E/C, F/C, G/D, H/D, I/D
5. Must agree to the sub-total appearing on Table A1 (Employee costs)

**Column Definitions:**

- A, B and C: Audited actual as per the audited financial statements. If audited amounts are unavailable, unaudited amounts must be provided with a note stating these are unaudited
- D: The original budget approved by council for the budget year.
- E: The budget for the budget year as adjusted by council resolution in terms of section 29 of the MFMA
- F: An estimate of final actual amounts (pre audit) for the current year at the point in time of preparing the budget for the budget year. This may differ from E.
- G: The amount to be appropriated for the budget year.
- H and I: The indicative projection

**KZN285 Mthonjaneni - Supporting Table SA23 Salaries, allowances & benefits (political office bearers/councillors/senior managers)**

Disclosure of Salaries, Allowances & Benefits 1.	Ref	No. 10	Salary	Contrib. 1.	Allowances	Performance Bonuses	In-kind benefits 2.	Total Package 3.
<b>Rand per annum</b>								
<b>Councillors</b>	4							
Speaker	5	1	172,003	25,801	77,457			275,261
Chief Whip								-
Executive Mayor		1	215,005	32,251	93,939			341,195
Deputy Executive Mayor		1	155,775	42,029	77,457			275,261
Executive Committee		1	161,253	24,188	73,335			258,776
Total for all other councillors		7	804,696	139,367	395,335			1,339,398
<b>Total Councillors</b>	9	11	1,508,732	263,636	717,523			2,489,891
<b>Senior Managers of the Municipality</b>	6							
Municipal Manager (MM)		1	652,070			85,292		737,362
Chief Finance Officer		1	592,893			76,515		669,408
								-
Director - Corporate & Community Services		1	592,893			76,515		669,408
List of each official with packages >= senior manager								-
								-
								-
<b>Total Senior Managers of the Municipality</b>	9	3	1,837,856	-	-	238,322	-	2,076,178
<b>A Heading for Each Entity</b>	7, 8							
List each member of board by designation								-
Chief Executive Officer (CEO)								-
<b>Total for municipal entities</b>	9	-	-	-	-	-	-	-
<b>TOTAL COST OF COUNCILLOR, DIRECTOR and EXECUTIVE REMUNERATION</b>		14	3,346,588	263,636	717,523	238,322	-	4,566,069

**References**

1. Pension and medical aid
2. If benefits in kind are provided (e.g. provision of living quarters) the full market value must be shown as the cost to the municipality
3. Total package must equal the total cost to the municipality
4. List each political office bearer by designation. Provide a total for all other councillors
5. Political office bearer is defined in MFMA s 1: speaker, executive mayor, deputy executive mayor, member of executive committee, mayor, deputy mayor, member of mayoral committee, the councillor designated to exercise powers and duties of mayor (MSA s 57)
6. Also list each senior manager reporting to MM by designation and each official with package >= senior manager by designation
7. List each entity where municipality has an interest and state percentage ownership and control
8. List each senior manager reporting to the CEO of an Entity by designation
9. Must reconcile to relevant section of Table A24
10. Must reconcile to totals shown for the budget year of Table A22

**KZN285 Mthonjaneni - Supporting Table SA24 Summary of personnel numbers**

Summary of Personnel Numbers	Ref	2008/9			Current Year 2009/10			Budget Year 2010/11		
		Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees	Positions	Permanent employees	Contract employees
<b>Municipal Council and Boards of Municipal Entities</b>										
Councillors (Political Office Bearers plus Other Councillors)			11			11			11	
Board Members of municipal entities	3									
<b>Municipal employees</b>	4									
Municipal Manager and Senior Managers	2		3			3			3	
Other Managers	6		2			2			4	
Professionals		-	-	2	-	-	2	-	-	2
Finance										
Spatial/town planning				1			1			1
Information Technology										
Roads										
Electricity				1			1			1
Water										
Sanitation										
Refuse										
Other				3			3			
Technicians		-	-	-	-	-	-	-	-	-
Finance										
Spatial/town planning										
Information Technology										
Roads										
Electricity										
Water										
Sanitation										
Refuse										
Other										
Clerks (Clerical and administrative)			27	2		30	1		35	1
Service and sales workers			6			8			6	
Skilled agricultural and fishery workers										
Craft and related trades										
Plant and Machine Operators			8			8			8	
Elementary Occupations			34	30		36	40		36	40
<b>TOTAL PERSONNEL NUMBERS</b>		-	91	37	-	96	46	-	103	43
% Increase			-	(59.3%)	(100.0%)	159.5%	24.3%	(100.0%)	-	(58.3%)
<b>Total municipal employees headcount</b>	5									
Finance personnel headcount	7									
Human Resources personnel headcount	7									

**References**

1. Full Time Equivalent (FTE). E.g. One full time person = 1FTE. A person working half time (say 4 hours out of 8) = 0.5FTE.
2. s57 of the Systems Act
3. Include only in Consolidated Statements
4. Include municipal entity employees in Consolidated Statements
5. Include headcount (number of persons, Not FTE) of managers and staff only (exclude councillors)
6. Managers who provide the direction of a critical technical function
7. Total number of employees working on these functions

## **2.5.9 ABILITY OF THE MUNICIPALITY TO SPEND AND DELIVER ON THE PROGRAMMES**

The municipality has demonstrated over the past 4 to 5 years that it has the ability to spend and deliver on its programmes in this municipal area. The projected capital spending for the 2010/11 financial is estimated at 30.7% of the total operating budget.

## **2.6 OVERVIEW OF BUDGET FUNDING**

### **2.6.1 OPERATING BUDGET**

The projected 2009/10 operating expenditure in the amount of R52million is fully funded from the municipality's revenues and from grants and subsidies from National and Provincial Government and from surplus funds. The expenditure for the 2010/11 financial year in the amount of R56 million will be funded from our revenue, grants and subsidies, and a small deficit will be funded from own funds. The income from rates will amount to R5.5 million. The income for electricity and refuse removal amounts to R11.6 million whilst operating grants and subsidies amounts to R17.8 million.

### **2.6.2 CAPITAL BUDGET**

The 2010/11 capital budget is to be funded from a contribution to the capital replacement reserve (projected to be R2.4 million) and grants from National Government. (R13, 2 million).

Projects:	Ward projects	4 300 000
	Rehabilitation of urban roads	4 000 000
	Rehabilitation of landfill site road	939 000
	Rehabilitation of stores building	5 100 000

An additional funding application (AFA) has been made with regard to the rehabilitation of the stores building amounting to some R 3 mill. In the event that the AFA is not granted, an amount of R 815 000 has been provided to complete phase 1 of the stores rehabilitation and will be funded from council funds.

**KZN285 Mthonjaneni - Supporting Table SA34a Capital expenditure on new assets by asset class**

Description		Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	
<b>Capital expenditure on new assets by Asset Class/Sub-class</b>												
<b>Infrastructure</b>			537	539	988	1,000	1,000	1,000	1,000	1,100	1,200	
Infrastructure - Road transport			-	-	-	-	-	-	-	-	-	
Roads, Pavements & Bridges			-	-	-	-	-	-	-	-	-	
Storm water			-	-	-	-	-	-	-	-	-	
Infrastructure - Electricity			537	539	988	1,000	1,000	1,000	1,000	1,100	1,200	
Generation			-	-	-	-	-	-	-	-	-	
Transmission & Reticulation			537	539	988	1,000	1,000	1,000	1,000	1,100	1,200	
Street Lighting			-	-	-	-	-	-	-	-	-	
Infrastructure - Water			-	-	-	-	-	-	-	-	-	
Dams & Reservoirs			-	-	-	-	-	-	-	-	-	
Water purification			-	-	-	-	-	-	-	-	-	
Reticulation			-	-	-	-	-	-	-	-	-	
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-	
Reticulation			-	-	-	-	-	-	-	-	-	
Sewerage purification			-	-	-	-	-	-	-	-	-	
Infrastructure - Other			-	-	-	-	-	-	-	-	-	
Waste Management			-	-	-	-	-	-	-	-	-	
Transportation			-	-	-	-	-	-	-	-	-	
Gas			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
<b>Community</b>			1,684	2,911	4,415	-	-	-	4,300	5,000	5,000	
Parks & gardens			-	-	-	-	-	-	-	-	-	
Sportsfields & stadia			-	-	-	-	-	-	-	-	-	
Swimming pools			-	-	-	-	-	-	-	-	-	
Community halls			-	-	-	-	-	-	-	-	-	
Libraries			-	-	-	-	-	-	-	-	-	
Recreational facilities			-	-	-	-	-	-	4,300	5,000	5,000	
Fire, safety & emergency			-	-	-	-	-	-	-	-	-	
Security and policing			-	-	-	-	-	-	-	-	-	
Buses			-	-	-	-	-	-	-	-	-	
Clinics			-	-	-	-	-	-	-	-	-	
Museums & Art Galleries			-	-	-	-	-	-	-	-	-	
Cemeteries			-	-	-	-	-	-	-	-	-	
Social rental housing			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
<b>Heritage assets</b>			-	-	-	-	-	-	-	-	-	
Buildings			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
<b>Investment properties</b>			-	-	-	-	-	-	-	-	-	
Housing development			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
<b>Other assets</b>			372	817	144	892	892	892	804	850	950	
General vehicles			239	445	-	300	300	300	200	400	450	
Specialised vehicles			-	-	-	-	-	-	-	-	-	
Plant & equipment			20	76	67	220	220	220	404	450	500	
Computers - hardware/equipment			81	64	-	137	137	137	-	-	-	
Furniture and other office equipment			32	233	57	35	35	35	-	-	-	
Abattoirs			-	-	-	-	-	-	-	-	-	
Markets			-	-	-	-	-	-	-	-	-	
Civic Land and Buildings			-	-	-	-	-	-	-	-	-	
Other Buildings			-	-	-	-	-	-	-	-	-	
Other Land			-	-	-	-	-	-	-	-	-	
Surplus Assets - (Investment or Inventory)			-	-	-	-	-	-	-	-	-	
Other			-	-	-	-	-	-	-	-	-	
<b>Agricultural assets</b>			-	-	-	-	-	-	-	-	-	
List sub-class			-	-	-	-	-	-	-	-	-	
<b>Biological assets</b>			-	-	-	-	-	-	-	-	-	
List sub-class			-	-	-	-	-	-	-	-	-	
<b>Intangibles</b>			-	-	-	-	-	-	-	-	-	
Computers - software & programming			-	-	-	-	-	-	-	-	-	
Other (list sub-class)			-	-	-	-	-	-	-	-	-	
<b>Total Capital Expenditure on new assets</b>			1	4,593	4,287	5,547	1,892	1,892	1,892	5,904	6,950	7,150
<b>Specialised vehicles</b>			-	-	-	-	-	-	-	-	-	
Refuse			-	-	-	-	-	-	-	-	-	
Fire			-	-	-	-	-	-	-	-	-	
Conservancy			-	-	-	-	-	-	-	-	-	
Ambulances			-	-	-	-	-	-	-	-	-	

**References**

1. Total Capital Expenditure on new assets (SA34a) plus Total Capital Expenditure on renewal of existing assets (SA34b) must reconcile to total capital expenditure in Budgeted Capital Expenditure
2. Airports, Car Parks, Bus Terminals and Taxi Ranks
3. For example - technology backbones (e.g. fibre optic, WIFI infrastructure) for economic development purposes
4. Work-in-progress/under construction to be budgeted under the respective item
5. Infrastructure includes 'land and buildings required' by that infrastructure and vehicles/plant & equipment used by the service generated by that infrastructure
6. Donated/contributed & leased assets to be included within the respective sub-class.

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KZN285 Mthonjaneni - Supporting Table SA34b Capital expenditure on the renewal of existing assets by asset class

Description		Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
R thousand		1	Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Capital expenditure on renewal of existing assets by Asset Class/Sub-class</b>											
<b>Infrastructure</b>			227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Infrastructure - Road transport			227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Roads, Pavements & Bridges			227	45	5,937	8,220	8,220	8,220	4,000	10,760	13,083
Storm water											
Infrastructure - Electricity			-	-	-	-	-	-	-	-	-
Generation											
Transmission & Reticulation											
Street Lighting											
Infrastructure - Water			-	-	-	-	-	-	-	-	-
Dams & Reservoirs											
Water purification											
Reticulation											
Infrastructure - Sanitation			-	-	-	-	-	-	-	-	-
Reticulation											
Sewerage purification											
Infrastructure - Other			-	-	-	-	-	-	-	-	-
Waste Management											
Transportation											
Gas											
Other											
<b>Community</b>			-	-	-	-	-	-	5,762	-	-
Parks & gardens											
Sportsfields & stadia											
Swimming pools											
Community halls											
Libraries											
Recreational facilities											
Fire, safety & emergency											
Security and policing											
Buses											
Clinics											
Museums & Art Galleries											
Cemeteries											
Social rental housing											
Other									5,762		
<b>Heritage assets</b>			-	-	-	-	-	-	-	-	-
Buildings											
Other											
<b>Investment properties</b>			-	-	-	-	-	-	-	-	-
Housing development											
Other											
<b>Other assets</b>			-	-	-	-	-	-	-	-	-
General vehicles											
Specialised vehicles											
Plant & equipment											
Computers - hardware/equipment											
Furniture and other office equipment											
Abattoirs											
Markets											
Civic Land and Buildings											
Other Buildings											
Other Land											
Surplus Assets - (Investment or Inventory)											
Other											
<b>Agricultural assets</b>			-	-	-	-	-	-	-	-	-
List sub-class											
<b>Biological assets</b>			-	-	-	-	-	-	-	-	-
List sub-class											
<b>Intangibles</b>			-	-	-	-	-	-	-	-	-
Computers - software & programming											
Other (list sub-class)											
<b>Total Capital Expenditure on renewal of existing assets</b>			1	227	45	5,937	8,220	8,220	9,762	10,760	13,083
<b>Specialised vehicles</b>				-	-	-	-	-	-	-	-

### **2.6.3 OPERATING**

Mthonjaneni Municipality receives its funding from various sources including property rates, electricity charges, refuse charges, fines, licenses, permits, interest, etc. etc.

The figures below indicate the funding sources:

#### **Funding Source 2010/11**

Assessment Rates	5 500 000
Service Charges	11 636 000
Fine, Licenses & Permits	2 075 000
Grants & Subsidies	17 847 000
Rental of facilities & equipment	331 000
Interest on Investments	1 900 000
Penalties & Collection Charges	250 000
Other Income	732 000
<b>Total</b>	<b>40 271 000</b>

54.6% of the Operating Budget is funded from assessment rates and service charges (tariffs).

### **2.6.4 SOURCES OF FUNDING**

In the case of Mthonjaneni Municipality a basket of differential tariff increases determines the most acceptable and equitable funding regime taking into consideration the actual cost of delivery of services, budget priorities and national legislation, regulations and policy guidelines. The main sources of income for Mthonjaneni Municipality are derived from property rates, electricity, refuse removal and fiscal transfers from Provincial and National Government.

### **2.6.5 GRANT ALLOCATIONS**

Municipalities play a critical role in the delivery of social and household services and National & Provincial government are aware of this and are increasing transfers to local authorities on an annual basis. The grants allocated to Mthonjaneni Municipality as promulgated in the 2010 Division of Revenue Act, 2010 in the MTREF period are as follows:

#### **A. NATIONAL GRANTS ALLOCATED TO MTHONJANENI MUNICIPALITY**

Financial Management Grant	1 250,000
Municipal Systems Improvement Grant	750 000
Municipal Infrastructure Grant	8 950 000
Equitable Share	18 193 000
<b>Total</b>	<b>29 143 000</b>



## **B. PROVINCIAL GRANTS ALLOCATED TO MTHONJANENI MUNICIPALITY**

Health (Clinics)	937 000
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<b>Total</b>	<b>937 000</b>
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## **2.7 EXPENDITURE ON ALLOCATIONS AND GRANT PROGRAMMES**

### **INTRODUCTION**

In terms of the Division of Revenue Act, 2010, the purpose of the grants that have been allocated to Mthonjaneni Municipality for the Medium Term Revenue and Expenditure Framework are:

#### **2.7.1 FINANCIAL MANAGEMENT GRANT (FMG)**

##### **Purpose**

To promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

##### **Measurable outputs**

- Improved and sustained skills development including internship programme on financial management.
- Upgrading of IT systems to deliver reports required for financial management improvement and improve the quality of data.
- Preparation and implementation of multi-year budgets meeting uniform norms and standards.
- Assist in the implementation of supply chain reforms, accounting reforms, producing quality and timely financial statements.
- Assist in the preparation of financial recovery plans.
- Progressive improvements in audit outcomes.
- Improvements to internal and external reporting on budgets, finances, SDBIP, In-year and annual reports.
- Implementation of the Municipal Finance Management Act.

#### **2.7.2 MUNICIPAL SYSTEMS IMPROVEMENT GRANT (MSIG)**

##### **Purpose**

To assist municipalities in building in-house capacity to perform their functions and stabilize institutional and governance systems as required in the Local Government Municipal Systems Act, 2000 and related legislation and policies.

##### **Measurable outputs**

- Number of municipalities developing / updating rates policies and by-laws, developing / updating valuation rolls in terms of the Local Government Municipal Property Rates Act, 2004.
- Number of municipalities improving on financial viability and management through targeted support interventions for improvement of municipal audit outcomes and systems.
- Number of municipalities with strengthened administrative systems for effective implementation of ward participation system.
- Number of municipalities implementing by-laws, policies and/or systems that support local government legislations.

### **2.7.3 MUNICIPAL INFRASTRUCTURE GRANT (MIG)**

#### **Purpose**

The grant is intended to:-

- Provide capital finance for basic municipal infrastructure for poor households, micro enterprises and social institutions.
- Provide for new, rehabilitation and upgrading of municipal infrastructure, and
- Eradicate bucket sanitation system mainly in urban townships

It is important that it is properly targeted to ensure efficient use of funds

#### **Measurable outputs**

- Number of new households receiving water and sanitation services per annum.
- Number of additional kilometers of roads developed.
- Number of additional sports facilities developed.
- Number of jobs created using Expanded Public Works Programme (EPWP) guidelines for above outputs.
- Number of households where the bucket sanitation system has been replaced with an alternative system

### **2.7.4 HEALTH SUBSIDY (CLINICS)**

Municipal Clinics is utilized to subsidize primary health care for personal services provided by local municipal clinics.

KZN285 Mthonjweni - Supporting Table SA18 Transfers and grant receipts

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>RECEIPTS:</b>	1, 2									
<b>Operating Transfers and Grants</b>										
<b>National Government:</b>		12,500	9,991	12,767	16,566	16,566	-	15,843	17,731	19,830
Equitable share		11,266	8,757	11,532	15,081	15,081		13,893	15,491	17,530
Finance Management		500	500	500	750	750		1,200	1,450	1,500
Municipal Systems Improvement		734	734	735	735	735		750	790	800
Other transfers/grants (insert description)										
<b>Provincial Government:</b>		886	689	716	893	893	-	1,176	248	248
Health subsidy		986	689	716	893	893		937		
Other transfers/grants (insert description)		-	-	-	-	-		239	248	248
<b>District Municipality:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Total Operating Transfers and Grants</b>	5	13,385	10,680	13,483	17,459	17,459	-	17,019	17,979	20,078
<b>Capital Transfers and Grants</b>										
<b>National Government:</b>		3,435	1,637	6,246	-	9,385	-	13,247	15,760	18,083
Municipal Infrastructure (MIG)		3,435	1,637	6,246		8,097		8,947	10,760	13,083
Sport and Recreation						1,288		-		
Other capital transfers/grants E/Share								4,300	5,000	5,000
<b>Provincial Government:</b>		-	-	-	-	-	-	-	-	-
Other capital transfers/grants (insert description)										
<b>District Municipality:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Other grant providers:</b> (insert description)		-	-	-	-	-	-	-	-	-
<b>Total Capital Transfers and Grants</b>	5	3,435	1,637	6,246	-	9,385	-	13,247	15,760	18,083
<b>TOTAL RECEIPTS OF TRANSFERS &amp; GRANTS</b>		16,821	12,317	19,729	17,459	26,844	-	30,266	33,739	38,161

## References

- Each transfer/grant is listed by name as gazetted together with the name of the transferring department or municipality, donor or other organisation
- Amounts actually RECEIVED; not revenue recognised (objective is to confirm grants transferred)
- Replacement of RSC levies
- Housing subsidies for housing where ownership transferred to organisations or persons outside the control of the municipality
- Tofel transfers and grants must reconcile to Budgeted Cash Flow:
- Motor vehicle licensing refunds to be included under 'agency' services (Not Grant Receipts)

## **2.8 ALLOCATIONS & GRANTS MADE BY THE MUNICIPALITY**

□ Provision has also been made to contribute an annual amount of R700000 to the UThungulu District Municipality for shared services of fire control.

## **2.9 SERVICE DELIVERY BUDGET IMPLEMENTATION PLAN**

### **2.9.1. Introduction**

#### **Legislative Framework in terms of MFMA**

The Municipal Finance Management Act (MFMA) requires that Municipalities prepare a Service Delivery and Budget Implementation Plan (SDBIP) as a strategic financial management tool to ensure that budgetary decisions that are adopted by municipalities for the financial year are aligned with their Integrated Development Plan Strategy. Section 1 of the Municipal Finance Management Act (MFMA) No. 56 of 2003 defines the “service delivery and budget implementation plan” as the detailed plan approved by the mayor of the municipality in terms of section 53(1)(c)(ii) for implementing the municipality’s delivery of municipal services and its annual budget and which must include the following:-

- a) Projections of each month of –
  - (i) Revenue to be collected, by source, and
  - (ii) Operational and capital expenditure, by vote;
- b) Service delivery targets and performance indicators for each quarter, and
- c) Any other matters that may be prescribed, and includes any revisions of such plan by the Mayor in terms of section 54 (1) (c). In terms of Section 53 (1) (c) (ii) of the MFMA, the SDBIP must be approved by the Mayor of the municipality within 28 days of the approval of the budget.

### **2.9.2 Overview**

The primary objective of Mthonjaneni SDBIP 2010/11 as an implementation tool for the municipality is to strengthen our local accountability and governance and improve capital as well as operational planning, spending and service delivery. The SDBIP 2010/11 will not only ensure appropriate monitoring in the

Execution of the municipality's budget and processes involved in the Allocations of budgets to achieve key strategic priorities as set by the Municipality's Integrated Development Plan (IDP), but will also serve as the kernel of annual performance contracts for senior management and provide a foundation for the overall annual and quarterly organization performance for the 2010/11 financial year. In an effort to avoid issues related to budgets being under spent and not achieving the programs desired outcomes as a result of unrealistic revenue projections when preparing the budget, Mthonjaneni SDBIP document will also give an outline of the quarterly projections of service delivery targets and performance indicators. The SDBIP will also empower all Councilors and allow them to undertake the appropriate oversight and monitoring of programs. The SDBIP document will also acquire council committees the ability to measure in year progress in the implementation of the budget.

### **2.9.3 Components of the SDBIP**

Monthly Projections of Revenue to be collected for each Source

Monthly Projections of Expenditure and Revenue for each Vote.

Quarterly projections of Service Delivery Targets and

Performance Indicators for each Vote.

#### **2.9.3.1 Monthly Projections of Revenue to be collected for each source:**

The failure to collect its revenue as budgeted will severely impact on the Municipality's ability to provide services to the community. The municipality therefore has to institute measures to achieve its monthly revenue targets for each source. These measures will enable the municipality to assess its cash flow on a monthly basis with the view to undertaking contingency plans should there be a cash flow shortage or alternatively invest surplus cash. Furthermore, the effectiveness of credit control policies and procedures can be monitored with appropriate action taken if considered necessary.

#### **2.9.3.2 Monthly projections of expenditure and revenue for each vote:**

The monthly projection of revenue and expenditure per vote relate to the cash paid and reconciles with the cash flow statement adopted with the budget. The focus under this component is a monthly projection per vote in addition to projections by source. When reviewing budget projections against actual, it is useful to consider

revenue and expenditure per vote in order to gain a more complete picture of budget projections against actual

#### **2.9.3.3 Quarterly projections of Service Delivery Targets and Performance Indicators for each vote.**

This component of the SDBIP requires non-financial measurable Performance objectives in the form of service delivery targets and other indicators of performance. The focus is on outputs rather than inputs. Service delivery targets relate to the level and standard of service being provided to the community and include the addressing of backlogs in basic services.

#### **2.9.4 Strategic Direction and Planning Cycle**

A seamless process between the IDP, SDBIP, Performance Management System (PMS) and Annual Report would create an enabling environment for the municipality to achieve its deliverables.

##### **2.9.4.1 Planning and Project Cycle**

###### **Entry Point**

The MFMA clearly outlines the elements of the SDBIP to provide an order of logical sequence to ensure that the principal aim of the SDBIP of aligning the IDP to the Budget is achieved and a conceptual framework was adopted. The framework for Mthonjaneni SDBIP 2010/11 is derived from the municipality's IDP and the Budget 2010/11.

#### **2.9.4.2 The Budget Process**

##### **A: Background to the Budget Preparation Process**

The MFMA requires that Council submit a detailed plan of the budget Process for the ensuing financial year for approval. Accordingly, a budget process plan scheduling key deadlines was noted by Council at its meeting in August 2009. The National Treasury Circular No. 51 of 2010, provided guidance on content and format for the municipal budget documentation in respect of the Medium Term Revenue and Expenditure Framework (MTREF).

##### **B: Capital Budget Process**

The Capital Budgeting process was through strategic sessions that were held by the Management Committee (MANCO) where the following broad strategic splits were made based on municipal wide priorities, derived from the IDP. The prioritization of the capital budgets included budgeting involved program budgeting based on the IDP thereby ensuring that budgeting also occurred horizontally. The adoption of this outcomes-based approach by the municipality in their budgeting process has ensured the refinement of the municipality's budget. The process of compilation of the capital budget commenced in November 2009 with a budget discussion meeting held with responsible Managers.

##### **C: Operating Budget Process**

The process of the compilation of the operating budget started in December 2009 when budget instructions (broad expenditure parameters etc) were issued to departments. During January 2010 a series of budget meetings were held. At these meetings, budget strategy, budget policies, and the alignment of the operating budget with the IDP were discussed. Departments submitted inputs and a first draft budget were compiled during January 2010. During February 2010 deliberations were held on the budget with the various Departments and their teams with a view to assessing the budget and reducing the deficit in order to ensure that the increase in rates and tariffs to balance the budget was restricted to an acceptable level. This entailed the re-examining of certain items of expenditure and includes overtime, temporary staff, employment services and consultants.

## **D: Public Participation Process**

The tabling of the draft budget to Council on 24 March 2010 was followed by extensive publication of the budget in order to involve citizens; they were also invited to Mayoral Imbizos. Various public participation and community consultative meetings were scheduled to receive representations and submissions from ward committees, residents, community organizations, organized business and other stakeholder formations. In terms of the Municipal Systems Act and in conjunction with the Municipal Finance Management Act Mayoral Imbizos on both the Operating and Capital budgets were held in May 2010 as part of the process of consultation. Council did evaluate all responses to the draft budget before finalization and ultimate approval of the budget on 26 May 2010.

## **2.10 CONTRACTS HAVING FUTURE BUDGETARY IMPLICATIONS**

The compulsory revaluation of all properties will commence in the year under review, and a tender has been awarded in the amount of R 734 000, with monthly expenditure of R 5000 from July 2012.

## **2.11 LEGISLATION COMPLIANCE STATUS**

- ☐ the promulgation of the Municipal Finance Management Act and the Municipal Property Rates Act had a profound effect on the operations of local government as it requires a transformation on financial planning processes.
- ☐ This MTREF is an expression of a continuous process of improving the financial planning progress at local government level, incorporating revised formats in accordance with National Treasury requirements.
- ☐ This MTREF has surpassed most of these requirements within the deadlines prescribed in the MFMA and MPRA



□ The following are some of the key MFMA areas and the status thereof:

□ **Integrated Development Plan:** Revised IDP approved by Council on 25 March 2010

□ **Budget:** This budget has been prepared in accordance with MFMA and National Treasury requirements and approved within the required legislative timeframes

□ **Annual Report:** The 2008/09 report has been compiled in terms of MFMA and National Treasury requirements and was tabled to Council on 27 January 2010. Council has adopted the Oversight Report on the Annual Report without reservations.

□ **Audit Report:** An unqualified audit report for the 2008/09 financial year was received and Council has dealt with the report on 1 December 2009 in terms of the MFMA and The Public Audit Act, No. 25 of 2004

□ **Audit Committee:** An Audit Committee has been established and meets regularly in accordance with the MFMA.

□ **In-year Reporting:** Mthonjaneni Municipality submits monthly & quarterly reports to the Executive Committee, Council, Provincial & National Treasuries, other Organs of State and the Auditor General on an ongoing basis

□ **Service Delivery Budget Implementation Plan:** The SDBIP will be attached to the Budget Document and will be approved by the Mayor within 28 days after approval of the budget.

□ **Municipal Property Rates Act:** All the requirements in respect of Valuation Roll, Rates Policy, Valuation Appeals Board, etc. have been met

□ **Municipal Systems Act:** All requirements in respect of Public Participation, Notices, Advertising, Promulgation, etc. have been met

**KZN285 Mthonjaneni - Supporting Table SA8 Performance Indicators and benchmarks**

Description of financial indicator	Basis of calculation	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b><u>Borrowing Management</u></b>										
Borrowing to Asset Ratio	Total Long-Term Borrowing/Total Assets	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Credit Rating										
Capital Charges to Operating Expenditure	Interest & Principal Paid /Operating Expenditure	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Borrowed funding of 'own' capital expenditure	Borrowing/Capital expenditure excl. transfers and grants and contributions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Safety of Capital</u></b>										
Debt to Equity	Loans, Creditors, Overdraft & Tax Provision/ Funds & Reserves	22.3%	20.7%	14.4%	13.8%	13.8%	12.6%	4.6%	3.6%	3.8%
Gearing	Long Term Borrowing/ Funds & Reserves	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Liquidity</u></b>										
Current Ratio	Current assets/current liabilities	3.1	3.2	3.8	3.5	3.5	4.1	8.9	9.0	6.8
Current Ratio adjusted for aged debtors	Current assets less debtors > 90 days/current liabilities	3.1	3.2	3.8	3.5	3.5	4.1	8.9	9.0	6.8
Liquidity Ratio	Monetary Assets/Current Liabilities	2.7	2.9	3.4	3.1	3.1	3.8	8.1	8.1	6.0
<b><u>Revenue Management</u></b>										
Annual Debtors Collection Rate (Payment Level %)	Last 12 Mths Receipts/Last 12 Mths Billing		93.6%	112.7%	98.0%	98.0%	98.0%	114.4%	94.7%	100.0%
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue	10.6%	9.0%	8.6%	5.8%	5.5%	5.5%	6.4%	6.7%	5.9%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors > 12 Months Old									
<b><u>Creditors Management</u></b>										
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA's 65(e))	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b><u>Funding of Provisions</u></b>										
Provisions not funded - %	Unfunded Provs /Total Provisions	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
<b><u>Other Indicators</u></b>										
Electricity Distribution Losses (2)	% Volume (units purchased and generated less units sold)/units purchased and generated	11.3%	8.0%	7.4%	7.0%	7.0%	7.0%	6.8%	6.7%	6.8%
Water Distribution Losses (2)	% Volume (units purchased and own source less units sold)/Total units purchased and own source									
Employee costs	Employee costs/(Total Revenue - capital revenue)	26.6%	30.3%	29.1%	26.6%	25.8%	25.8%	33.5%	35.4%	33.7%
Remuneration	Total remuneration/(Total Revenue - capital revenue)	33.1%	37.2%	35.7%	31.8%	31.4%	31.2%	39.6%	41.8%	39.8%
Repairs & Maintenance	R&M/(Total Revenue excluding capital revenue)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Finance charges & Depreciation	FC&D/(Total Revenue - capital revenue)	4.8%	6.0%	4.2%	5.3%	5.0%	5.0%	6.3%	7.3%	7.7%
<b><u>IDP regulation financial viability Indicators</u></b>										
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year	5.6	5.0	12.1	12.0	12.0	12.0	11.2	10.9	12.1
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue received for services	31.4%	25.3%	22.6%	16.7%	16.1%	16.1%	14.7%	15.3%	13.4%
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational expenditure	11.4	0.2	0.6	1.3	1.3	0.1	1.8	1.8	2.0

**References**

1. Consumer debtors > 12 months old are excluded from current assets
2. Only include if services provided by the municipality

**KZN285 Mthonjaneni Supporting Table SA10 Funding measurement**

Description	MFMA section	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
			Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
Funding measures											
Cash/cash equivalents at the year end - R'000	18(1)b	1	13,157	293	1,209	2,221	2,221	221	4,117	4,271	5,282
Cash + investments at the yr end less applications - R'000	18(1)b	2	13,643	14,622	16,763	16,154	16,083	21,583	29,350	28,276	24,739
Cash year end/monthly employee/supplier payments	18(1)b	3	11.4	0.2	0.8	1.3	1.3	0.1	1.8	1.8	2.0
Surplus/(Deficit) excluding depreciation offsets: R'000	18(1)	4	4,053	500	3,269	186	186	186	(727)	(2,996)	(2,139)
Service charge rev % change - macro CPIX target exclusive	18(1)a,(2)	5	N.A.	(0.6%)	20.6%	5.2%	(2.2%)	(6.0%)	19.9%	(4.5%)	6.5%
Cash receipts % of Ratepayer & Other revenue	18(1)a,(2)	6	92.1%	109.1%	96.2%	115.2%	111.7%	111.7%	93.3%	99.3%	99.8%
Debt impairment expense as a % of total billable revenue	18(1)a,(2)	7	1.1%	1.1%	0.0%	1.1%	1.1%	1.1%	8.5%	0.8%	0.7%
Capital payments % of capital expenditure	18(1)c,19	8	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Borrowing receipts % of capital expenditure (excl. transfers)	18(1)c	9	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Grants % of Govt. legislated/gezatted allocations	18(1)a	10	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	103.5%	100.0%	100.0%
Current consumer debtors % change - incr(decr)	18(1)e	11	N.A.	(15.2%)	12.1%	(16.5%)	0.0%	0.0%	13.1%	5.8%	(1.8%)
Long term receivables % change - incr(decr)	18(1)a	12	N.A.	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
R&M % of Property Plant & Equipment	20(1)(vi)	13	4.3%	5.5%	4.8%	5.4%	5.4%	5.4%	0.0%	0.0%	0.0%
Asset renewal % of capital budget	20(1)(vi)	14	4.7%	1.1%	51.7%	82.9%	82.9%	82.9%	62.3%	60.8%	64.7%

**References**

1. Positive cash balances indicative of minimum compliance - subject to 2
2. Deduct cash and investment applications (defined) from cash balances
3. Indicative of sufficient liquidity to meet average monthly operating payments
4. Indicative of funded operational requirements
5. Indicative of adherence to macro-economic targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
6. Realistic average cash collection forecasts as % of annual billed revenue
7. Realistic average increase in debt impairment (doubtful debt) provision
8. Indicative of planned capital expenditure level & cash payment timing
9. Indicative of compliance with borrowing 'only' for the capital budget - should not exceed 100% unless refinancing
10. Substantiation of National/Province allocations included in budget
11. Indicative of realistic current arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
12. Indicative of realistic long term arrears debtor collection targets (prior to 2003/04 revenue not available for high capacity municipalities and later for other capacity classifications)
13. Indicative of a credible allowance for repairs & maintenance of assets - functioning assets revenue protection
14. Indicative of a credible allowance for asset renewal (requires analysis of asset renewal projects as % of total capital projects - detailed capital plan) - functioning assets revenue protection

**KZN285 Mthonjaneni - Supporting Table SA1 Supporting detail to 'Budgeted Financial Performance'**

KZN285 Mthonjaneni - Supporting Table SA1 Supporting detail to Budgeted Financial Performance										
Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>REVENUE ITEMS:</b>										
<b>Property rates</b>	6									
Total Property Rates		3,244	4,758	5,175	5,500	6,112	6,112	9,800	6,800	7,000
less Revenue Foregone			1,562	1,772	2,000	2,000	2,000	4,300	2,400	2,500
<b>Net Property Rates</b>		3,244	3,104	3,403	3,500	4,112	4,112	5,500	4,400	4,500
<b>Service charges - electricity revenue</b>	6									
Total Service charges - electricity revenue		4,618	5,217	7,373	8,522	8,522	8,522	10,669	12,000	14,000
less Revenue Foregone										
<b>Net Service charges - electricity revenue</b>		4,618	5,217	7,373	8,522	8,522	6,522	10,669	12,000	14,000
<b>Service charges - water revenue</b>	6									
Total Service charges - water revenue										
less Revenue Foregone										
<b>Net Service charges - water revenue</b>		-	-	-	-	-	-	-	-	-
<b>Service charges - sanitation revenue</b>										
Total Service charges - sanitation revenue										
less Revenue Foregone										
<b>Net Service charges - sanitation revenue</b>		-	-	-	-	-	-	-	-	-
<b>Service charges - refuse revenue</b>	6									
Total refuse removal revenue		725	778	830	879	879	879	987	1,000	1,100
Total landfill revenue										
less Revenue Foregone										
<b>Net Service charges - refuse revenue</b>		725	778	830	879	879	879	987	1,000	1,100
<b>Other Revenue by source</b>										
Fuel levy		848	842	1,203	885	885	885	732	750	770
Other revenue	3									
<b>Total 'Other' Revenue</b>	1	848	842	1,203	885	888	885	732	750	770
<b>EXPENDITURE ITEMS:</b>										
<b>Employee related costs</b>										
Salaries and Wages	2	7,292	8,319	9,290	10,500	10,860	10,860	13,560	14,503	15,373
Contributions to UIF, pensions, medical aid										
Travel, motor car, accom; & other allowances										
Housing benefits and allowances										
Overtime										
Performance bonus										
Long service awards										
Payments in lieu of leave										
Post-retirement benefit obligations	4									
<b>sub-total</b>	5	7,292	8,319	9,290	10,500	10,860	10,860	13,560	14,503	15,373
<b>Less: Employees costs capitalised to PPE</b>										
<b>Total Employee related costs</b>	1	7,292	8,319	9,290	10,500	10,860	10,860	13,560	14,503	15,373
<b>Contributions recognised - capital</b>										
List contributions by contract										
<b>Total Contributions recognised - capital</b>		-	-	-	-	-	-	-	-	-
<b>Depreciation &amp; asset impairment</b>										
Depreciation of Property, Plant & Equipment		1,330	1,644	1,333	2,100	2,100	2,100	2,550	3,000	3,500
Lease amortisation										
Capital asset impairment										
<b>Total Depreciation &amp; asset impairment</b>	1	1,330	1,644	1,333	2,100	2,100	2,100	2,550	3,000	3,500
<b>Bulk purchases</b>										
Electricity Bulk Purchases		3,553	3,911	5,160	6,875	6,875	6,875	8,895	10,000	12,000
Water Bulk Purchases										
<b>Total bulk purchases</b>	1	3,553	3,911	5,160	6,875	6,875	6,875	8,895	10,000	12,000
<b>Contracted services</b>										
Contract workers		296	352	402	638	638	638	778	850	900
<b>sub-total</b>	1	296	352	402	638	638	638	778	850	900
<b>Allocations to organs of state:</b>										
Electricity										
Water		830	390	281	313	313	313	700	375	400
Sanitation										
Other										
<b>Total contracted services</b>		1,128	652	653	951	951	951	1,478	1,225	1,300
<b>Other Expenditure By Type</b>										
Repairs and maintenance (to be deferred)		881	1,159	1,519	2,109	2,109	2,109			
Collection costs		41	2	4	10	10	10	35	35	35
Contributions to 'other' provisions		225	93	141	130	130	130	130	145	155
Consultant fees										
Audit fees					450	450	450	650	700	750
Capital					9,912	9,912	9,912	15,668	17,710	20,233
Ward projects					2,700	2,700	2,700	4,300	5,000	5,000
Grant expenditure								3,017	2,488	2,548
General expenses	3	12,825	13,219	20,439	11,280	13,488	13,488	2,762	5,119	5,486
<b>Total 'Other' Expenditure</b>	1	14,071	14,973	21,803	28,590	28,798	28,798	28,560	31,197	34,207

**References**

1. Must reconcile with 'Budgeted Financial Performance (Revenue and Expenditure)
2. Must reconcile to supporting documentation on staff salaries
3. Insert other categories where revenue or expenditure is of a material nature (list separate items until 'General expenses' is not > 10% of Total Expenditure)
4. Expenditure to meet any 'unfunded obligations'
5. This sub-total must agree with the total on SA22, but excluding councillor and board member items
6. Include a note for each revenue item that is affected by 'revenue foregone'
7. Special consideration may have to be given to including 'goodwill arising' or 'joint venture' budgets where circumstances require this (include separately under relevant note)

KZN285 Mthonjaneni - Supporting Table SA2 Matrix Financial Performance Budget (revenue source/expenditure type and dept.)

Description	Ref	Vote1 - Council	Vote2 - Municipal Manager	Vote3 - Financial Services	Vote4 - Corporate and Community Services	Vote5 - Public Safety	Vote6 - Public Health	Vote7 - Protection Services	Vote8 - Technical Services	Vote9 - Refuse Removal	Vote10 - Electricity	Example 11 - Vote11	Example 12 - Vote12	Example 13 - Vote13	Example 14 - Vote14	Example 15 - Vote15	Total
<b>R thousand</b>																	
<b>Revenue By Source</b>	1																
Property rates				5,500													5,500
Property rates - penalties & collection charges				250													250
Service charges - electricity revenue											10,668						10,668
Service charges - water revenue																	-
Service charges - sanitation revenue																	-
Service charges - refuse revenue										967							967
Service charges - other																	-
Rental of facilities and equipment									331								331
Interest earned - external investments				1,400							500						1,900
Interest earned - outstanding debtors																	-
Dividends received																	-
Fines																	-
Licences and permits																	-
Agency services																	-
Other revenue			600	52				2,065									2,065
Transfers recognised - operational				17,132			937		72		17						730
Gains on disposal of PPE																	-
<b>Total Revenue (excluding capital transfers and contribution)</b>		-	600	24,334	8	-	937	2,075	403	967	11,186	-	-	-	-	-	40,510
<b>Expenditure By Type</b>																	
Employee related costs																	-
Remuneration of councillors			922	2,065	2,641		816	2,661	2,881	557	1,017						13,560
Debt impairment		2,490															2,490
Depreciation & asset impairment				1,460							50						1,500
Finance charges											550						2,550
Bulk purchases											8,895						8,895
Other materials																	-
Contracted services				3,236					536	273							778
Transfers and grants				955	1,339	700			4,300								8,236
Other expenditure		203	792			210	121	655	12,357	666	2,228						19,024
Loss on disposal of PPE																	-
<b>Total Expenditure</b>		2,693	1,214	7,706	3,980	910	937	3,316	22,044	1,495	12,740	-	-	-	-	-	57,034
<b>Surplus/(Deficit)</b>		(2,693)	(614)	16,628	(3,972)	(910)	-	(1,241)	(21,641)	(528)	(1,554)	-	-	-	-	-	(16,524)
Transfers recognised - capital																	-
Contributions recognised - capital																	-
Contributed assets																	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		(2,693)	(614)	16,628	(3,972)	(910)	-	(1,241)	(8,394)	(528)	(1,554)	-	-	-	-	-	(3,277)

**References**

1. Departmental columns to be based on municipal organisation structure

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KZN285 Mthonjaneni - Supporting Table SA11 Property rates summary

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Valuation:</b>	1		1/7/2006							
Date of valuation:										
Financial year valuation used										
Municipal by-laws s6 in place? (Y/N)	2	No	Yes		Yes			Yes		
Municipal/assistant valuer appointed? (Y/N)		Yes	Yes		Yes			Yes		
Municipal partnership s38 used? (Y/N)										
No. of assistant valuers (FTE)	3	-	-		-					
No. of data collectors (FTE)	3	-	-		-					
No. of internal valuers (FTE)	3	-	-		-					
No. of external valuers (FTE)	3	2	2		2			2		
No. of additional valuers (FTE)	4		-		-					
Valuation appeal board established? (Y/N)		No	No		No					
Implementation time of new valuation roll (mths)		12	-		-					
No. of properties	5									
No. of sectional title values	5									
No. of unreasonably difficult properties s7(2)										
No. of supplementary valuations			1	1	1					
No. of valuation roll amendments										
No. of objections by rate payers										
No. of appeals by rate payers										
No. of successful objections	8									
No. of successful objections > 10%	8									
Supplementary valuation										
Public service infrastructure value (Rm)	5				1,066			1,066		
Municipality owned property value (Rm)					15			15		
<b>Valuation reductions:</b>										
Valuation reductions-public infrastructure (Rm)										
Valuation reductions-nature reserves/park (Rm)										
Valuation reductions-mineral rights (Rm)										
Valuation reductions-R15,000 threshold (Rm)										
Valuation reductions-public worship (Rm)										
Valuation reductions-other (Rm)										
<b>Total valuation reductions:</b>		-	-	-	-	-	-	-	-	-
Total value used for rating (Rm)	5									
Total land value (Rm)	5									
Total value of improvements (Rm)	5									
Total market value (Rm)	5									
<b>Rating:</b>										
Residential rate used to determine rate for other categories? (Y/N)								Yes		
Differential rates used? (Y/N)	5							Yes		
Limit on annual rate increase (s20)? (Y/N)			No	No	No			No		
Special rating area used? (Y/N)			No	No	No			No		
Phasing-in properties s21 (number)										
Rates policy accompanying budget? (Y/N)			Yes	Yes	Yes			Yes		
Fixed amount minimum value (R'000)			15	15	15			15		
Non-residential prescribed ratio s19? (%)										
<b>Rate revenue:</b>										
Rate revenue budget (R'000)	6							9,800		
Rate revenue expected to collect (R'000)	6									
Expected cash collection rate (%)										
Special rating areas (R'000)	7									
Rebates, exemptions - indigent (R'000)								304		
Rebates, exemptions - pensioners (R'000)								20		
Rebates, exemptions - bona fide farm. (R'000)								27		
Rebates, exemptions - other (R'000)								1,090		
Phase-in reductions/discounts (R'000)								2,841		
<b>Total rebates, exemptions, reductions, discounts (R'000)</b>		-	-	-	-	-	-	4,283	-	-

**References**

1. All numbers to be expressed as whole numbers except FTEs and Rates in the Rand
2. To give effect to rates policy
3. Full Time Equivalent (FTE) should be expressed to one decimal place and takes into account full time and part time staff
4. Required to implement new system (FTE)
5. Provide relevant information for historical comparisons. Must reconcile to the total of Table SA12
6. Current and budget year must reconcile to Table A4 Budgeted Financial Performance (revenue and expenditure)
7. Included in rate revenue budget
8. In favour of the rate-payer



**KZN285 Mthonjaneni - Supporting Table SA14 Household bills**

Description	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework			
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11 % Incr.	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Rand/cent</b>											
<b>Monthly Account for Household - 'Large' Household</b>	1										
<b>Rates and services charges:</b>											
Property rates					562.65			6.0%	595.32		
Electricity: Basic levy					68.55			15.0%	90.00		
Electricity: Consumption					541.22				710.31		
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal					38.06			6.0%	40.35		
Other											
<b>sub-total</b>		-	-	-	1,210.58	-	-	18.6%	1,435.98	-	-
VAT on Services											
<b>Total large household bill:</b>		-	-	-	1,210.58	-	-	18.6%	1,435.98	-	-
<b>% increase/decrease</b>					-	(100.0%)	-		771,932.3%	(100.0%)	-
<b>Monthly Account for Household - 'Small' Household</b>	2										
<b>Rates and services charges:</b>											
Property rates					223.46			8.0%	236.46		
Electricity: Basic levy					68.55			15.0%	90.00		
Electricity: Consumption					269.53				305.99		
Water: Basic levy											
Water: Consumption											
Sanitation											
Refuse removal					38.06			6.0%	40.35		
Other											
<b>sub-total</b>		-	-	-	599.72	-	-	12.2%	672.80	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	599.72	-	-	12.2%	672.80	-	-
<b>% increase/decrease</b>					-	(100.0%)	-		551,375.4%	(100.0%)	-
<b>Monthly Account for Household - 'Small' Household receiving free basic services</b>	3										
<b>Rates and services charges:</b>											
Property rates					-				-		
Electricity: Basic levy					-				-		
Electricity: Consumption					40.22			#NAME?	36.00		
Water: Basic levy					-				-		
Water: Consumption					-				-		
Sanitation					-				-		
Refuse removal					14.03			6.0%	14.88		
Other					-				-		
<b>sub-total</b>		-	-	-	54.25	-	-	#NAME?	50.88	-	-
VAT on Services											
<b>Total small household bill:</b>		-	-	-	54.25	-	-	#NAME?	50.88	-	-
<b>% Increase/decrease</b>					-	(100.0%)	-		-	(100.0%)	-

**References**

1 Use as basis 1 000m² erf, 150m² improvements, 1 000 units electricity and 30kl water.

2 Use as basis 300m² erf, 48m² improvements, 498 units electricity and 25kl water.

3 Use as basis 300m² erf, 48m² improvements, 60kw electricity and 6kl water (TO BE CONFIRMED).

**KZN285 Mthonjeleni - Supporting Table SA15 Investment particulars by type**

Investment type	Ref	2006/7	2007/8	2008/9	Current Year 2009/10			2010/11 Medium Term Revenue & Expenditure Framework		
		Audited Outcome	Audited Outcome	Audited Outcome	Original Budget	Adjusted Budget	Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
R thousand										
<b>Parent municipality</b>										
Securities - National Government	1									
Listed Corporate Bonds										
Deposits - Bank		9,739	23,000	24,540	24,540	24,540	30,040	30,040	27,040	24,040
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
Municipal Bonds										
<b>Municipality sub-total</b>		9,739	23,000	24,540	24,540	24,540	30,040	30,040	27,040	24,040
<b>Entities</b>										
Securities - National Government										
Listed Corporate Bonds										
Deposits - Bank										
Deposits - Public Investment Commissioners										
Deposits - Corporation for Public Deposits										
Bankers Acceptance Certificates										
Negotiable Certificates of Deposit - Banks										
Guaranteed Endowment Policies (sinking)										
Repurchase Agreements - Banks										
<b>Entities sub-total</b>			-	-	-	-	-	-	-	-
<b>Consolidated total:</b>		9,739	23,000	24,540	24,540	24,540	30,040	30,040	27,040	24,040

**References**

1. Total Investments must reconcile to Budgeted Financial Position ('current' call investment deposits plus 'non-current' investments)



**KZN285 Mthonjaneni - Supporting Table SA16 Investment particulars by maturity**

Investments by Maturity	Ref	Period of Investment	Type of Investment	Expiry date of investment	Monetary value	Interest to be realised
Name of Institution & Investment ID	1	Yrs/Months			Rand thousand	
<b>Parent municipality</b>						
FNB		12 mths	fixed deposit	10 May 2011	1,540	
FNB		call			500	
ABSA		6 mths	fixed deposit	06 November 2010	10,000	
INVESTEC		60 day	fixed deposit	01 December 2010	9,000	
INVESTEC		60 day	fixed deposit	03 July 2010	9,000	
<b>Municipality sub-total</b>					<b>30,040</b>	<b>-</b>
<b>Entities</b>						
<b>Entities sub-total</b>					<b>-</b>	<b>-</b>
<b>TOTAL INVESTMENTS AND INTEREST</b>	<b>1</b>				<b>30,040</b>	<b>-</b>

**References**

1. Total investments must reconcile to all items in Table SA15 for the Current Year (30 June)
2. List investments in expiry date order

KZN285 Mthonjaneni - Supporting Table SA25 Budgeted monthly revenue and expenditure

Description	Ref	Budget Year 2010/11												Medium Term Revenue and Expenditure Framework		
		July	August	Sept.	October	November	December	January	February	March	April	May	June	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13
<b>Revenue By Source</b>																
Property rates		500	500	500	500	500	500	500	500	500	500	500	500	5,500	4,400	4,500
Property rates - penalties & collection charges		20	20	20	20	20	20	20	20	20	20	20	30	250	250	250
Service charges - electricity revenue		900	900	900	900	900	900	900	900	900	900	900	769	10,669	12,000	14,000
Service charges - water revenue																
Service charges - sanitation revenue		80	80	80	80	80	80	80	80	80	80	80	87	967	1,000	1,100
Service charges - refuse revenue																
Service charges - other		27	27	27	27	27	27	27	27	27	27	27	34	331	340	350
Rental of facilities and equipment		158	158	158	158	158	158	158	158	158	158	158	162	1,900	2,000	2,100
Interest earned - external investments																
Interest earned - outstanding debtors																
Dividends received																
Fines		172	172	172	172	172	172	172	172	172	172	172	173	2,065	2,200	2,400
Licences and permits																
Agency services		9,622	9,622	9,622	9,622	9,622	9,622	9,622	9,622	9,622	9,622	9,622	0	18,086	17,979	20,078
Transfers recognised - operational		61	61	61	61	61	61	61	61	61	61	61	61	732	750	770
Other revenue																
Gains on disposal of PPE																
<b>Total Revenue (excluding capital transfers and contribution)</b>		<b>11,540</b>	<b>1,918</b>	<b>1,919</b>	<b>1,919</b>	<b>5,853</b>	<b>1,919</b>	<b>1,919</b>	<b>1,919</b>	<b>6,449</b>	<b>1,919</b>	<b>1,919</b>	<b>1,317</b>	<b>40,510</b>	<b>40,929</b>	<b>45,558</b>
<b>Expenditure By Type</b>																
Employee related costs		1,000	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,120	1,360	13,560	14,503	15,373
Remuneration of councillors		207	207	207	207	207	207	207	207	207	207	207	213	2,490	2,610	2,750
Debt impairment													1,500	1,500	150	150
Depreciation & asset impairment													2,550	2,550	3,000	3,500
Finance charges		741	741	741	741	741	741	741	741	741	741	741	744	8,895	10,000	12,000
Bulk purchases																
Other materials		94	94	94	94	94	94	94	94	94	94	94	444	1,478	1,225	1,300
Contracted services																
Transfers and grants																
Other expenditure		2,445	2,445	2,445	2,445	2,445	2,445	2,445	1,445	2,445	1,445	2,445	1,665	26,560	31,197	34,207
Loss on disposal of PPE																
<b>Total Expenditure</b>		<b>4,487</b>	<b>4,607</b>	<b>4,607</b>	<b>4,607</b>	<b>4,607</b>	<b>4,607</b>	<b>4,607</b>	<b>3,607</b>	<b>4,607</b>	<b>3,607</b>	<b>4,607</b>	<b>8,477</b>	<b>57,034</b>	<b>62,885</b>	<b>69,280</b>
<b>Surplus/(Deficit)</b>		<b>7,053</b>	<b>(2,689)</b>	<b>(2,688)</b>	<b>(2,688)</b>	<b>1,246</b>	<b>(2,688)</b>	<b>(2,688)</b>	<b>(1,688)</b>	<b>1,842</b>	<b>(1,688)</b>	<b>(2,688)</b>	<b>(7,160)</b>	<b>(16,524)</b>	<b>(21,756)</b>	<b>(23,722)</b>
Transfers recognised - capital		3,000				4,000				6,247				13,247	15,760	18,083
Contributions recognised - capital																
Contributed assets																
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>10,053</b>	<b>(2,689)</b>	<b>(2,688)</b>	<b>(2,688)</b>	<b>5,246</b>	<b>(2,688)</b>	<b>(2,688)</b>	<b>(1,688)</b>	<b>8,089</b>	<b>(1,688)</b>	<b>(2,688)</b>	<b>(7,160)</b>	<b>(3,277)</b>	<b>(5,996)</b>	<b>(5,639)</b>
Taxation																
Attributable to minorities																
Share of surplus/ (deficit) of associate																
<b>Surplus/(Deficit)</b>	<b>1</b>	<b>10,053</b>	<b>(2,689)</b>	<b>(2,688)</b>	<b>(2,688)</b>	<b>5,246</b>	<b>(2,688)</b>	<b>(2,688)</b>	<b>(1,688)</b>	<b>8,089</b>	<b>(1,688)</b>	<b>(2,688)</b>	<b>(7,160)</b>	<b>(3,277)</b>	<b>(5,996)</b>	<b>(5,639)</b>

References

1. Surplus (Deficit) must reconcile with Budgeted Financial Performance

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MONTHLY CASH FLOWS											
R thousand	Budget Year 2010/11										
	July	August	Sept.	October	November	December	January	February	March	April	May
Medium Term Revenue and Expenditure Framework											
	Budget Year 2010/11										
	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13								
<b>Cash Receipts By Source</b>											
Property rates	500	500	500	500	500	500	500	500	500	500	500
Property rates - penalties & collection charges	20	20	20	20	20	20	20	20	20	20	20
Service charges - electricity revenue	900	900	900	900	900	900	900	900	900	900	900
Service charges - water revenue											
Service charges - sanitation revenue	80	80	80	80	80	80	80	80	80	80	80
Service charges - refuse revenue											
Service charges - other	27	27	27	27	27	27	27	27	27	27	27
Rental of facilities and equipment	158	158	158	158	158	158	158	158	158	158	158
Interest earned - external investments											
Interest earned - outstanding debtors											
Dividends received											
Fines											
Licences and permits	172	172	172	172	172	172	172	172	172	172	172
Agency services											
Transfer receipts - operational	3,622				3,934				4,530		
Other revenue	61	61	61	61	61	61	61	61	61	61	61
<b>Cash Receipts by Source</b>	<b>11,540</b>	<b>1,918</b>	<b>1,919</b>	<b>1,919</b>	<b>5,853</b>	<b>1,919</b>	<b>1,919</b>	<b>1,919</b>	<b>6,449</b>	<b>1,919</b>	<b>1,919</b>
<b>Other Cash Flows by Source</b>											
Transfer receipts - capital	3,000				4,000				6,247		
Contributions recognised - capital & contributed assets											
Proceeds on disposal of PPE											
Short term loans											
Borrowing long term/financing											
Increase (decrease) in consumer deposits											
Decrease (increase) in non-current debtors											
Decrease (increase) other non-current receivables											
Decrease (increase) in non-current investments											
<b>Total Cash Receipts by Source</b>	<b>14,540</b>	<b>1,918</b>	<b>1,919</b>	<b>1,919</b>	<b>9,853</b>	<b>1,919</b>	<b>1,919</b>	<b>1,919</b>	<b>12,696</b>	<b>1,919</b>	<b>1,919</b>
<b>Cash Payments by Type</b>											
Employee related costs	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130	1,130
Remuneration of councillors	207	207	207	207	207	207	207	207	207	207	207
Collection costs											
Interest paid	741	741	741	741	741	741	741	741	741	741	741
Bulk purchases - Electricity											
Bulk purchases - Water & Sewer											
Other materials	94	94	94	94	94	94	94	94	94	94	94
Contracted services											
Grants and subsidies paid - other municipalities											
Grants and subsidies paid - other											
General expenses	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
<b>Cash Payments by Type</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>
<b>Other Cash Flows/ Payments by Type</b>											
Capital assets											
Repayment of borrowing											
Other Cash Flows/ Payments											
<b>Total Cash Payments by Type</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>	<b>4,617</b>
<b>NET INCREASE/DECREASE IN CASH HELD</b>	<b>9,923</b>	<b>(2,699)</b>	<b>(2,698)</b>	<b>(2,698)</b>	<b>5,236</b>	<b>(2,698)</b>	<b>(2,698)</b>	<b>(1,698)</b>	<b>8,079</b>	<b>(1,698)</b>	<b>(2,698)</b>
Cash/cash equivalents at the month/year begin:	1,000	10,923	8,224	5,526	2,828	8,064	5,366	2,668	970	9,049	7,351
Cash/cash equivalents at the month/year end:	10,923	8,224	5,526	2,828	8,064	5,366	2,668	970	9,049	7,351	4,653

KZN285 Mthonjaneni - Supporting Table SA33 Contracts having future budgetary implications

R thousand	Description	Ref	Preceding Years	Current Year 2009/10	2010/11 Medium Term Revenue & Expenditure Framework			Forecast 2013/14	Forecast 2014/15	Forecast 2015/16	Forecast 2016/17	Forecast 2017/18	Forecast 2018/19	Forecast 2019/20	Total Contract Value
					Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13								
1,3	Total														
2	Parent Municipality:														
	Revenue Obligation By Contract														
	Contract 1														
	Contract 2														
	Contract 3 etc														
	Total Operating Revenue Implication														
2	Expenditure Obligation By Contract														
	General valuation														
	Contract 2														
	Contract 3 etc														
	Total Operating Expenditure Implication														
2	Capital Expenditure Obligation By Contract														
	Contract 1														
	Contract 2														
	Contract 3 etc														
	Total Capital Expenditure Implication														
	Total Parent Expenditure Implication														
	Entities:														
2	Revenue Obligation By Contract														
	Contract 1														
	Contract 2														
	Contract 3 etc														
	Total Operating Revenue Implication														
2	Expenditure Obligation By Contract														
	Contract 1														
	Contract 2														
	Contract 3 etc														
	Total Operating Expenditure Implication														
2	Capital Expenditure Obligation By Contract														
	Contract 1														
	Contract 2														
	Contract 3 etc														
	Total Capital Expenditure Implication														
	Total Entity Expenditure Implication														

References

1. Total implication for all preceding years to be summed and total stated in 'Preceding Years' column
2. List all contracts with future financial obligations beyond the three years covered by the MTRF (MFMA s33)

KZN285 Mthonjaneni - Supporting Table SA36 Detailed capital budget

Municipal Vote/Capital project															Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Prior year outcomes		2010/11 Medium Term Revenue & Expenditure Framework			Project information					
Municipal Vote/Capital project															Ref	Program/Project description	Project number	IDP Goal code 3.	Asset Class 4.	Asset Sub-Class 4.	Total Project Estimate	Audited Outcome 2008/9	Current Year 2009/10 Full Year Forecast	Budget Year 2010/11	Budget Year +1 2011/12	Budget Year +2 2012/13	Ward location	New or renewal				
Parent municipality:															5				Examples	Examples												
List all capital projects grouped by Municipal Vote																Play Parks Community Hall Ward 2 Community Hall Ward 3 Mopane Creche Nkwenkwe Paypoint drop in centre Rehabilitation roads metmoth & thabulethu phase 2 Rehabilitation stoves Rehabilitation roads metmoth & thabulethu phase 3 Rehabilitation rural roads																
Total Capital expenditure															1																	
Entities:																																
List all capital projects grouped by Entity																																
Entity A																																
Water project A																																
Entity B																																
Electricity project B																																
Total Capital expenditure															2																	

**References**

1. Must reconcile with Budgeted Capital Expenditure
2. Must reconcile with table A34
3. As per Table A6
4. As per Table 34



# **SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN** **Quarterly Projections for Service Delivery Targets and other Performance Indicators**

Page 01

Vote/Indicator Department - Municipal Managers Office	Unit of Measurement	Annual Target	Revised Target	Quarterly Targets								Explanation of Variance	
				Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June			
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual		
<b>Vote: Executive and Council</b>  <b>1. Mayoral Office</b> Report on Implementation of budget Performance Indicators in S D B I P Performance agreements in S D B I P Time schedule of key deadlines for budget and IDP process Mid year performance assessment report Adjustments budget Annual report Draft budget, revisions to IDP, resolutions and other related documents Issues raised in Auditors-General report Consultation on draft budget Responds to submissions of community Service Delivery and Budget Implementation Plan  <b>2. Municipal Manager</b> Monthly expenditure statements to Mayor Performance Agreements Section 57 employees and performance assessment Consolidated report of withdrawals Report to Council on the expenditure incurred on staff salaries, wages, allowances and benefits Time schedule of key deadlines for budget and IDP process Annual financial statements to Auditor-General IDP consultation processes Internal Strategic Consultation processes Engages with national and provincial sector depts on sector specific programmes for alignment with IDP Impact of different service delivery levels on rates and tariffs National policies, budget plans and potential price increases of bulk resources Changes to the IDP for incorporation into IDP review Mid year performance assessment report to Mayor, N.T and P.T Annual report Annual report to AG, PT and D.T & L.G National and Provincial allocations	Submit quarterly to Council	3				1		1					
	Made public in July 2010	1											
	Made public in July 2010	1											
	Tabled in August 2010	1		1									
	Tabled in January 2011	1						1					
	Tabled in January 2011	1						1					
	Tabled in January 2011	1						1					
	Tabled in March 2011	1						1					
	Addressed in March 2011	1						1					
	No. of meetings in April 2011	3								3			
	Amends budget in May 2011	1								1			
	Approve in June 2011	1								1			
	No. of statements	12		3					3				
	Signed July 2010	1		1									
	Consolidate in July 2010	1		1									
	Table quarterly	4		1					1				
Submit quarterly to Council	4		1					1					
Made public in July 2010	1		1										
Submit end of August 2010	1		1										
Start in August 2010	3		2		1								
Begin in September 2010	6		3					3					
Begin in September 2010	4		4										
Inform community in Oct 2010	1				1								
Review with dept heads in Oct 10	1				1								
Review in November 2010	1				1								
Submit in January 2011	1								1				
Made public in January 2011	1								1				
Submit in January 2011	1								1				
Review in January 2011	1								1				

## Quarterly Projections for Service Delivery Targets and other Performance Indicators

Quarterly Targets													
Vote/Indicator	Unit of Measurement	Annual Target	Revised Target	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance	
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual		
Municipal Manager (continues)	Draft budget and plans for next 3 years to Mayor	1											
	Overnight report of annual report	1						1					
	Draft budget, plans and proposed revisions to IDP	1						1					
	Approved budget and budget related policies	1								1			
	Draft SDBIP and annual performance agreements to Mayor	1								1			
	Approved SDBIP to National Treasury	1								1			

**Quarterly Targets**

Voter/Indicator	Unit of Measurement	Annual Revised Target	Quarter Ending				Quarter Ending				Explanation of Variances
			September	October	November	December	January	February	March	June	
			Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
<b>Department - Financial Services</b>											
<b>1. Vots: Fin. Serv. &amp; Administration</b>											
<b>1.1 Budget and Management Accounts</b>											
Compilation of financial statements in terms of MFMA	Submitted to Auditor - General by 31 August 2010	1									
Time schedule of key deadlines for 2011/2012 budget	Submitted in August 2010	1									
Expenditure Statements	No. of Statements	12									
Consolidate and prepare proposed 2011/2012 budget	Started in December 2010	1									
6 monthly budget statements	Tabled in January 2011	1									
Adjustment budget for 2010/2011	Tabled in January 2011	1									
Budget related policies	Finalised in February	1									
Draft 2011/2012 budget	Tabled in March 2011	1									
Draft S D B I P for 2011/2012	Tabled in March 2011	1									
Primary banking account detail to Provincial Treasury and Auditor-General	Forwarded in March 2011	1									
Draft 2011/2012 budget to National Treasury (3 Co)	Forwarded in April 2011	1									
Draft 2011/2012 budget to Provincial Treasury (1 Co)	Completed and mailed in April 2011	1									
Appendix A completed and sent to PT and NT	Completed and mailed in April 2011	1									
Final 2011/2012 budget to National Treasury	Final 2011/2012 budget	1									
S D B I P for 2011/2012	Forwarded in June 2011	1									
	Approved in June 2011	1									
<b>1.2 Revenue</b>											
Monitor the implementation of credit control and indigent policies	Reporting monthly to MFC	12									
Monitor debt collection targets	Reporting monthly to MFC	12									
<b>1.3 Expenditure</b>											
DoRA reports on all grants received	Submitted Monthly	100%									
SCM reports in accordance with regulations, policy and procedures	Submitted Quarterly	4									
Payroll is completed timeously and accurately	Completed within 7 working days of the end of the month	100%									
Payment of creditors on time in terms of Section 65 of MFMA	No. of creditors paid on time	100%									



# Quarterly Projections for Service Delivery Targets and other Performance Indicators

Voter/Indicator Department - Corporate & Community Services		Unit of Measurement	Annual Target	Revised Target	Quarterly Targets											
					Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance			
					Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual				
<b>1. Vote: Finance &amp; Administration</b>																
1.1 Administration																
	Compilation Agenda & Minutes	No. of Agendas and Minutes	15		4		4		4		4		3		3	
	Enquiries and complaints	No. of replies	all													
	Skills Development Plan	Submit report by June 2011	1													
	Draft 2011/2012 budget	Submit in November 2010	1													
<b>2. Vote: Community and Social Services</b>																
2.1 Sports / Activities																
	Cultural Development	No. of events	2		1		1		1		1				1	
	Staff Wellness	No. of events	2		1		1		1		1				1	
	Youth Activities / Other programs	No. of assistance rendered	1													
	Community gardens (re-evaluation)	No. of programmes	4		1		1		1		1					
	Work creation	No. of gardens	all													
		No. of temp jobs created	60		30		30		30							
2.1 Mithonjaneni Library																
<b>3. Vote: Housing</b>																
	Housing Scheme -	Infrastructure completed	all													
	Victoria Street Housing Project		40%		20%		20%		20%							
	Yanguye Rural Housing Project		50%		20%		30%		30%							
<b>4. Vote: Planning and Development</b>																
	Draft Integrated Development Plan	Approval by April 2011	1												1	
	Final Integrated Development Plan	Approval by June 2011	1												1	
	Land Use Management (Urban)	Completed by June 2011	1													

**Quarterly Projections for Service Delivery Targets and other Performance Indicators**

Vote/Indicator	Unit of Measurement	Annual Target	Revised Target	Quarterly Targets								Explanation of Variance	
				Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June			
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual		
<b>Department - Corporate &amp; Community Services</b> <b>(Manager: Protection Services)</b>													
<b>1.Vote: Finance &amp; Admin (Protection Services)</b> Enquiries and complaints	No. of replies	all		100%		100%		100%		100%			
<b>2.Vote: Public Safety</b> 2.1 Traffic													
Road Safety Projects	No. of projects	8		2		2		1		1			
Road Signs	No. of signs	all		100%		100%		100%		100%			
Road Markings	No. of kilometers	all		100%		100%		100%		100%			
<b>2.2 Fire Fighting</b> Rural Fire Prevention (assist Rural Metro)	No. of reactions to calls	all		100%		100%		100%		100%			
<b>3.Vote: Road Transport</b> 3.1 Testing Grounds													
Examination of vehicles	No. of vehicles	100%		25%		25%		25%		25%			
Motor Registrations & Licensing :	Units of one hundred	2800		700		700		700		700			
Driver's Licences: Bookings	No. of bookings	1120		280		280		280		280			
Passed	No. of passes	5520		1380		1380		1380		1380			
Leamer's Licences: Bookings	No. of bookings	2208		552		552		552		552			
Passed	No. of passes												
													AV 35% Pass Rate
													AV 40% Pass Rate

Quarterly Projections for Service Delivery Targets and other Performance Indicators													Page 06
Vote/Indicator	Unit of Measurement	Annual Target	Revised Target	Quarterly Targets								Explanation of Variance	
				Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June			
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual		
<b>Department - Technical Services</b>													
<b>Vote: Finance &amp; Administration</b> Enquiries and complaints	No. of replies	60		20		20		20					
<b>Vote: Planning &amp; Development</b> Building inspections conducted Property inspections conducted GIS information capturing	No. of building inspections No. of property inspections No. of captures	15 60 100		5 20 25		5 10 25		3 10 25		2 20 25			
<b>Vote: Community &amp; Social Services</b> Cemetery	No. of graves dug	40		10		10		10		10			
<b>Vote: Housing</b> Upgrade staff accommodation Upgrade staff houses	No. of square metres (m²) No. of houses	3				1		1		1			
<b>Vote: Refuse Removal</b> Refuse bins	Deliver by September 2010	10		5				5					
<b>Vote: Road Transport</b> Upgrading of road to landfill site Access road resurfacing Sidewalks Pothole Repairs Catchpits and manhole covers Upgrade rural roads Causeways	No. of meters No. of square metres (m²) No. of meters No. of meters No. to be completed No. of kilometres (km) No. of causeways	1000 2000 1000 15		200 1000 250 10		500 1000 250 5		300 250		250			
<b>Melmoth: Upgrade gravel roads to surfaced roads</b> Victoria Street (From Reinhold Str to Cemetery) Saxony Street (From Victoria Str to Osborne Str) Osborne Street (From Saxony Str to Reinhold Str) Jacob Cohn Street (From Justus Str to Symonds Str) Arbor Street (From Flight to Provincial Rd) Opposition Street (From High Str to Extension) Orlepp Street (From Wilfred Str to Provincial Rd) Service road	No. of kilometres (km) 450m 420m 210m 305m 410m 205m 200m	100% 100% 100% 100% 100% 100% 100%		10% 5% 5% 3% 3% 8% 3%		40% 35% 35% 33% 36% 37%		40% 40% 40% 38% 38% 48% 39%		10% 20% 20% 24% 26% 10% 21%			
<b>Thubalethu: Upgrade gravel roads to surfaced roads</b> Road DDD (From Road GGG to Road AAA) Road AAA (From Road DDD to Provincial Rd) Melmoth: Upgrade or construct new paving roads Service Road (From Orlepp Str to Downing Str)	205m 420m 195m	100% 100% 100%		2% 2% 5%		20% 20% 30%		45% 45% 40%		33% 33% 25%			

Vote/Indicator Department - Technical Services	Unit of Measurement	Annual Target	Revised Target	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Page 07 Explanation of Variance
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual	
Vote: Other Sidewalk Grass Cutting	27 014m	100%		25%		25%		25%		25%		
Workshop Service municipal vehicles	No. of vehicles	17		5		5		5		2		
Vote: Waste Management Building of Transfer Station	1	100%		25%		25%		50%				
Vote: Capital Projects												
Ward 1: Play Parks	Project completion	100%		25%		25%		50%				
Ward 2: Community Hall Ward 2	Project completion	100%		25%		25%		50%				
Ward 3: Community Hall Ward 3	Project completion	100%		25%		25%		50%				
Ward 4: Mqolane Creche	Project completion	100%		25%		25%		50%				
Ward 6: Nkwenkwe Paypoint	Project completion	100%		25%		25%		50%				
Ward 6: Drop In HIV & AIDS centre	Project completion	100%		25%		25%		50%				

Quarterly Projections for Service Delivery Targets and other Performance Indicators  
( SDBIP )

Vote/Indicator Department - Electricity Vote: Electricity ( Electricity distribution )	Unit of Measurement	Annual Target	Revised Target	Quarterly Targets								Page 08	
				Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June			
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual		
<b>1.1 Capital Projects</b>													
<b>ELECTRICITY</b>													
1 X COMPLETE 3 WAY K3 - RING MAIN UNIT	R	140,000.00					1						
1 X COMPLETE 4 WAY K4 - RING MAIN UNIT	R	160,000.00					1						
TRANSFORMERS	R	95,000.00							1				
PROTECTION RELAYS FOR SUBSTATIONS	R	30,000.00					1						
UPGRADE STREETLIGHTS - MELM. TOWN	R	60,000.00					1						
UPGRADE STREETLIGHTS - THUBALETO	R	50,000.00					1						
LV & MV UPGRADING	R	485,000.00					1						
	R	1,000,000.00										1	
<b>2.1 STREETLIGHTS</b>													
Thubalethu ( poles, cables & structures )		as per monthly project			X				X			X	
Melmoth ( poles, cables & structures )		as per monthly project			X				X			X	
<b>2.1 HV EQUIPMENT</b>													
HV surge arrester to install		As per required project			X				X			X	
HV cross arms & fuse links		As per required project			X				X			X	
Refurbish HV equipment & upgrading		As per required project			X				X			X	
<b>Vote/Indicator Department - Electricity Vote: Electricity ( Electricity distribution )</b>													
<b>1.1 Capital Projects</b>													
<b>ELECTRICITY</b>													
1 X COMPLETE 3 WAY K3 - RING MAIN UNIT	R	140,000.00											
1 X COMPLETE 4 WAY K4 - RING MAIN UNIT	R	160,000.00					160,000					140,000	
TRANSFORMERS	R	95,000.00									95,000		
PROTECTION RELAYS FOR SUBSTATIONS	R	30,000.00										30,000	
UPGRADE STREETLIGHTS - MELM. TOWN	R	60,000.00					PROJECTS				PROJECTS	PROJECTS	
UPGRADE STREETLIGHTS - THUBALETO	R	50,000.00					PROJECTS				PROJECTS	PROJECTS	
LV & MV UPGRADING	R	485,000.00					50,000						
	R	1,000,000.00					1						
<b>TOTAL COST R 1,000,000.00</b>													

ENGINEERING DEPARTMENT : ELECTRICAL  
CAPITAL 2010 / 11  
CASH FLOW

( SDBIP )

Quarterly Targets													Page 09
	Unit of Measurement	Annual Target	Revised Target	Quarter Ending September		Quarter Ending December		Quarter Ending March		Quarter Ending June		Explanation of Variance	
				Projected	Actual	Projected	Actual	Projected	Actual	Projected	Actual		
<b>Vote/Indicator</b> Department - Electricity													
<b>Votes: Electricity</b> ( Electricity distribution )													
<b>1.1 Capital Projects</b>													
<b>ELECTRICITY</b>													
1 X COMPLETE 3 WAY K3 - RING MAIN UNIT	R	1							140 000				
1 X COMPLETE 4 WAY K4 - RING MAIN UNIT	R	1							160 000				
TRANSFORMERS	R								95 000				
PROTECTION RELAYS FOR SUBSTATIONS	R	1								30 000			
UPGRADE STREETLIGHTS - MELM. TOWN	R	PROJECT			PROJECTS		PROJECTS		PROJECTS	PROJECTS			
UPGRADE STREETLIGHTS - THUBALETO	R	PROJECT			PROJECTS		PROJECTS		PROJECTS	PROJECTS			
	R												
LV & MV UPGRADING	R	PROJECT			PROJECTS		PROJECTS		PROJECTS	PROJECTS			
TOTAL COST	R												
	R												

1 X COMPLETE K3 WAY RING MAIN UNIT  
Put out tender - 24 - 28 weeks waiting time

1 X COMPLETE K4 WAY RING MAIN UNIT  
Put out tender - 24 - 28 weeks waiting time

INDOOR TRANSFORMER  
To put out tender - 6 months waiting period

OFFICE EQUIPMENT  
Office equipment (chairs & table for supervisor office)

UPGRADE STREETLIGHTS - MELM. TOWN

UPGRADE STREETLIGHTS - THUBALETHU

LV & MV UPGRADING  
MV 35 mm cables, refurbish transformers etc., upgrading streetlights, kiosks, new connections etc.  
MV cable project - remove overhead bare 11kv line & replace with 35mm underground cable  
Infrared scanning program

## **RATES POLICY**

Amended by the Mthonjaneni Council  
on the 27<sup>th</sup> day of January\_ 2010

# MTHONJANENI LOCAL MUNICIPALITY

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## **RATES POLICY**

### **PREAMBLE**

#### **WHEREAS:**

The Council of the **Mthonjaneni** Municipality has resolved to levy rates on the market value of all rateable properties in its area jurisdiction as reflected in its property register compiled in terms of section 23 of the Act in order to provide a reliable source of revenue to provide basic services and perform its functions.

The Municipality must in accordance with the provision of section 3 of the Act adopt a rates policy consistent with the Municipal Property Rates Act, 2004 (Act No. 6 of 2004) on the levying of rates in the municipality.

Revenue raised from property rates will be used to fund services that benefit the community as a whole as opposed to individual households, and these services include, but are not limited to, the maintenance of streets, roads, sidewalks, lighting, storm drainage facilities, municipal and recreation facilities, cemeteries as well as the municipal administration in general.

### **DEFINITIONS**

Any words and phrases referred to in this policy shall have the same meaning and interpretation assigned in terms of the Municipal Property Rates Act 6 of 2004 ("the Act") and for this purpose lists hereunder the definitions used in the Act.

In this Act, unless the context indicates otherwise—

"Act", means the Local Government : Municipal Property Rates Act No. 6 of 2004;

"**agent**", in relation to the owner of a property, means a person appointed by the owner of the property—

- (a) to receive rental or other payments in respect of the property on behalf of the owner; or
- (b) to make payments in respect of the property on behalf of the owner;

"**agricultural purpose**", in relation to the use of a property, excludes the use of a property for the purpose of eco-tourism or for the trading in or hunting of game;

**“annually”** means once every financial year;

**“appeal board”** means a valuation appeal board established in terms of section 56;

**“assistant municipal valuer”** means a person designated as an assistant municipal valuer in terms of section 35 (1) or (2) of the Act;

**“category”**—

(a) in relation to property, means a category of properties determined in terms of section 8 of the Act; and

(b) in relation to owners of properties, means a category of owners determined in terms of section 15 (2) of the Act;

**“data-collector”** means a person designated as a data-collector in terms of section 36;

**“date of valuation”** means the date determined by a municipality in terms of section 31 (1);

**“effective date”**—

(a) in relation to a valuation roll, means the date on which the valuation roll takes effect in terms of section 32 (1); or

(b) in relation to a supplementary valuation roll, means the date on which a supplementary valuation roll takes effect in terms of section 78 (2) (b) of the Act;

**“exclusion”**, in relation to a municipality’s rating power, means a restriction of that power as provided for in section 17 of the Act;

**“exemption”**, in relation to the payment of a rate, means an exemption granted by a municipality in terms of section 15 of the Act;

**“financial year”** means the period starting from 1 July in a year to 30 June the next year;

**“Income Tax Act”** means the Income Tax Act, 1962 (Act No. 58 of 1962);

**“land reform beneficiary”**, in relation to a property, means a person who—

(a) acquired the property through—

(i) the Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993); or

(ii) the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

(b) holds the property subject to the Communal Property Associations Act, 1996 (Act No. 28 of 1996); or

(c) holds or acquires the property in terms of such other land tenure reform legislation as may pursuant to section 25 (6) and (7) of the Constitution be enacted after this Act has taken effect;

**“land tenure right”** means an old order right or a new order right as defined in section 1 of the Communal Land Rights Act, 2004;

**“local community”**, in relation to a municipality—

(a) means that body of persons comprising—

- (i) the residents of the municipality;
- (ii) the ratepayers of the municipality;
- (iii) any civic organizations and non-governmental, private sector or labour organizations or bodies which are involved in local affairs within the municipality; and
- (iv) visitors and other people residing outside the municipality who, because of their presence in the municipality, make use of services or facilities provided by the municipality; and

(b) includes, more specifically, the poor and other disadvantaged sections of such body of persons;

**“local municipality”** means a municipality that shares municipal executive and legislative authority in its area with a district municipality within whose area it falls, and which is described in section 155 (1) of the Constitution as a category B municipality;

**“market value”**, in relation to a property, means the value of the property determined in accordance with section 46 of the Act;

**“MEC for local government”** means the member of the Executive Council of a province who is responsible for local government in that province;

**“Minister”** means the Cabinet member responsible for local government;

**“multiple purposes”**, in relation to a property, means the use of a property for more than one purpose;

**“municipal council”** or **“council”** means a municipal council referred to in section 18 of the Municipal Structures Act;

**“Municipal Finance Management Act”** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**“municipality”**—

- (a) as a corporate entity, means a municipality described in section 2 of the Municipal Systems Act; and
- (b) as a geographical area, means a municipal area demarcated in terms of the Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);

**“municipal manager”** means a person appointed in terms of section 82 of the Municipal Structures Act;

**“Municipal Structures Act”** means the Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998);

**“Municipal Systems Act”** means the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);

**“municipal valuer” or “valuer of a municipality”** means a person designated as a municipal valuer in terms of section 33 (1) of the Act;

**“newly rateable property”** means any rateable property on which property rates were not levied before the end of the financial year preceding the date on which this Act took effect, excluding—

- (a) a property which was incorrectly omitted from a valuation roll and for that reason was not rated before that date; and
- (b) a property identified by the Minister by notice in the Gazette where the phasing-in of a rate is not justified;

**“occupier”**, in relation to a property, means a person in actual occupation of a property, whether or not that person has a right to occupy the property;

**“organ of state”** means an organ of state as defined in section 239 of the Constitution;

**“owner”—**

- (a) in relation to a property referred to in paragraph (a) of the definition of “property”, means a person in whose name ownership of the property is registered;
- (b) in relation to a right referred to in paragraph (b) of the definition of “property”, means a person in whose name the right is registered;
- (c) in relation to a land tenure right referred to in paragraph (c) of the definition of “property”, means a person in whose name the right is registered or to whom it was granted in terms of legislation; or
- (d) in relation to public service infrastructure referred to in paragraph (d) of the definition of “property”, means the organ of state which owns or controls that public service infrastructure as envisaged in the definition of “publicly controlled”, provided that a person mentioned below may for the purposes of this Act be regarded by a municipality as the owner of a property in the following cases:
  - (i) A trustee, in the case of a property in a trust excluding state trust land;
  - (ii) an executor or administrator, in the case of a property in a deceased estate;

- (iii) a trustee or liquidator, in the case of a property in an insolvent estate or in liquidation;
- (iv) a judicial manager, in the case of a property in the estate of a person under judicial management;
- (v) a curator, in the case of a property in the estate of a person under curatorship;
- (vi) a person in whose name a usufruct or other personal servitude is registered, in the case of a property that is subject to a usufruct or other personal servitude;
- (vii) a lessee, in the case of a property that is registered in the name of a municipality and is leased by it; or
- (viii) a buyer, in the case of a property that was sold by a municipality and of which possession was given to the buyer pending registration of ownership in the name of the buyer;

**“permitted use”**, in relation to a property, means the limited purposes for which the property may be used in terms of—

- (a) any restrictions imposed by
  - (i) a condition of title;
  - (ii) a provision of a town planning or land use scheme; or
- (b) any legislation applicable to any specific property or properties; or
- (c) any alleviation of any such restrictions;

**“person”** includes an organ of state;

**“prescribe”** means prescribe by regulation in terms of section 83 of the Act;

**“property”** means—

- (a) immovable property registered in the name of a person, including, in the case of a sectional title scheme, a sectional title unit registered in the name of a person;
- (b) a right registered against immovable property in the name of a person, excluding a mortgage bond registered against the property;
- (c) a land tenure right registered in the name of a person or granted to a person in terms of legislation; or
- (d) public service infrastructure;

**“property register”** means a register of properties referred to in section 23 of the Act;

**“protected area”** means an area that is or has to be listed in the register referred to in section 10 of the Protected Areas Act;

**“Protected Areas Act”** means the National Environmental Management: Protected Areas Act, 2003;

**“publicly controlled”** means owned by or otherwise under the control of an organ of state, including—

- (a) a public entity listed in the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- (b) a municipality; or
- (c) a municipal entity as defined in the Municipal Systems Act;

**“public service infrastructure”** means publicly controlled infrastructure of the following kinds:

- (a) national, provincial or other public roads on which goods, services or labour move across a municipal boundary;
- (b) water or sewer pipes, ducts or other conduits, dams, water supply reservoirs, water treatment plants or water pumps forming part of a water or sewer scheme serving the public;
- (d) power stations, power substations or power lines forming part of an electricity scheme serving the public;
- (e) gas or liquid fuel plants or refineries or pipelines for gas or liquid fuels, forming part of a scheme for transporting such fuels;
- (f) railway lines forming part of a national railway system;
- (g) communication towers, masts, exchanges or lines forming part of a communications system serving the public;
- (h) runways or aprons at national or provincial airports;
- (i) breakwaters, sea walls, channels, basins, quay walls, jetties, roads, railway or infrastructure used for the provision of water, lights, power, sewerage or similar services of ports, or navigational aids comprising lighthouses, radio navigational aids, buoys, beacons or any other device or system used to assist the safe and efficient navigation of vessels;
- (j) any other publicly controlled infrastructure as may be prescribed; or
- (k) rights of way, easements or servitudes in connection with infrastructure mentioned in paragraphs (a) to (i);

**“rate”** means a municipal rate on property envisaged in section 229 (1) (a) of the Constitution;

**“rateable property”** means property on which a municipality may in terms of section 2 levy a rate, excluding property fully excluded from the levying of rates in terms of section 17;

**“rebate”**, in relation to a rate payable on a property, means a discount granted in terms of section 15 on the amount of the rate payable on the property;

**“reduction”**, in relation to a rate payable on a property, means the lowering in terms of section 15 of the amount for which the property was valued and the rating of the property at that lower amount;

**“register”**—

- (a) means to record in a register in terms of—
  - (i) the Deeds Registries Act, 1937 (Act No. 47 of 1937); or
  - (ii) the Mining Titles Registration Act, 1967 (Act No. 16 of 1967); and
- (b) includes any other formal act in terms of any other legislation to record—
  - (i) a right to use land for or in connection with mining purposes; or
  - (ii) a land tenure right;

**“residential property”** means a property included in a valuation roll in terms of section 48 (2) (b) of the Act as residential;

**“Sectional Titles Act”** means the Sectional Titles Act, 1986 (Act No. 95 of 1986);

**“sectional title scheme”** means a scheme defined in section 1 of the Sectional Titles Act;

**“sectional title unit”** means a unit defined in section 1 of the Sectional Titles Act;

**“specified public benefit activity”** means an activity listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth Schedule to the Income Tax Act;

**“state trust land”** means land owned by the state—

- (a) in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
- (b) over which land tenure rights were registered or granted; or
- (c) which is earmarked for disposal in terms of the Restitution of Land Rights Act, 1994 (Act No. 22 of 1994);

**“this Act”** includes regulations made in terms of section 83 of the Act.

- (a) In this Act, a word or expression derived from a word or expression defined in subsection (1) has a corresponding meaning unless the context indicates that another meaning is intended.

### **Other Definitions**

**“child headed household”** means any child who is or is a blood relative of the owner of the property and which child is responsible for the care of siblings or parents

**“disabled”** means a person who qualifies to receive relief in terms of the Social Services Act, 1992 (Act No. 59 of 1992) or has been certified as disabled by a medical practitioner;



**“Indigent owner”** means an owner of property who is in permanent occupation of the property and qualifies for indigent relief in terms of the municipality’s indigent policy.;

**“The Municipality”** means the **Mthonjaneni Municipality**;

**“Owners of property in an area affected by a disaster”** means owners of property situated within an area affected by:

- (a) a disaster within the meaning of the **Disaster Management Act 57 of 2002**;
- (b) any other serious adverse social or economic conditions;

**“Pensioner”** means

- (a) a person in receipt of a social pension; or
- (b) a person over the age of 60 years; or

a person who has retired prematurely from employment due to medical reasons

**“Retiree”** means a person who has retired from employment in terms of that persons employment or who has reached the age of a pensioner;

**“Temporarily without income”** means;

- (a) in the case of an employee –
  - (i) the period for which the person is entitled to benefits in terms of the Unemployment Insurance Act; or
  - (ii) 90 days whichever is the longer; or
- (b) in any other case, a period of 90 days determined from the date of application by that person for relief in terms of the Municipality’s policy;

**“Non-profit organizations”** means any organization which is registered in terms of the Non- profit Organizations Act.

## **1. IMPLEMENTATION OF THIS POLICY AND EFFECTIVE DATE**

- 1.1. This policy takes effect from 1 July 2008 being the effective date of the valuation roll prepared by the municipality in terms of the Municipal Property Rates Act, 2004 ( Act No. 6 of 2004) and must accompany the municipality’s budget for the financial year.
- 1.2. The Rates Policy must be reviewed annually, and if necessary amended by the Municipal Council, such amendments to be effected in conjunction with the

Municipality's annual budget in terms of Sections 22 and 23 of the Municipal Financial Management Act.

- 1.3 The Municipality has adopted by-laws to give effect to the implementation of its Rates policy and such by-laws must be read in conjunction with this policy. The rates by-laws may differentiate between:

- 1.3.1 categories of properties; and
- 1.3.2 categories of owners of properties.

- 1.4 The by-laws adopted in terms of Item 1.3 may be reviewed annually, and if necessary be amended by the Municipal Council, in conjunction and in accordance with the Rates Policy.

2. **FUNDAMENTAL PRINCIPLES OF THIS POLICY**

The principles of the policy are to ensure that:-

- 2.1 the power of the municipality to impose rates on property will not be exercised in a way that materially and unreasonably prejudices national economic policies, economic activities or the national mobility of goods services, capital or labour in terms of Section 229 of the Constitution of the Republic of South Africa;
- 2.2 all ratepayers, in a specific category, as determined by council from time to time, will be treated equitably;
- 2.3 property rates will be assessed on the market value of all rateable properties in the jurisdiction of the municipality and for the purpose of generating revenue to balance the budget after taking into account:
  - 2.3.1 profits generated on trading and economic services; and
  - 2.3.2 the amounts required to finance exemptions, rebates and reductions of rates as approved by council from time to time;

- 2.4 property rates will not be used to subsidize trading and economic services;
- 2.5 the rates income generated by the municipality will take into account relief measures to address the social and economic needs of the community;
- 2.6 this Policy was developed in consultation with the community and in compliance with a process of community participation in terms of Chapter 4 of the Municipal Systems Act.

3. **THE PURPOSE OF THIS POLICY**

The purpose of this policy is to:

- 3.1 comply with the provisions section 3 of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004);
- 3.2 give effect to the principles outlined above;
- 3.3 determine the methodology and to prescribe procedures for the implementation of the Act;
- 3.4 determine criteria to be applied for the levying of differential rates for different categories of properties;
- 3.5 determine or provide criteria for the determination of categories of properties and categories of owners of properties for categories of properties;
- 3.6 determine criteria to be applied for granting exemptions, rebates and reductions;
- 3.7 determine how the municipality's powers must be exercised in relation to multi purpose properties;
- 3.8 determine measures to promote local economic and social development; and

- 3.9 identify which categories of properties the municipality has elected not to rate as provided for in section 7 of the Act.

4. **EQUITABLE TREATMENT OF RATEPAYERS**

This municipality is committed to treating all ratepayers on an equitable basis. "Equitable" does not necessarily mean "equal" treatment of ratepayers. The circumstances of each category of owner or category of property will be considered in a fair manner, and within the limitations set out in the Act. The Municipality may adopt measures to ensure equitable and fair treatment of ratepayers.

Any differentiation in levying rates must not constitute unfair discrimination.

5. **DISCRETIONARY DECISIONS ADOPTED BY THE MUNICIPALITY WITH RESPECT TO LEVYING OF RATES**

It is recorded that the Municipality has adopted the following resolutions:

- 5.1 To levy rates on all rateable property in its area of jurisdiction.
- 5.2 To determine the date of implementation as provided above.
- 5.3 To determine the date of general valuation as 01<sup>st</sup> July 2006.
- 5.4 To levy different cents in the rand for different categories of rateable property.
- 5.5 That the categories of properties for the purpose of differential rating referred to in 5.4 above are those specified in Appendix 1 attached hereto.
- 5.6 That the criteria for the assessment of market value in terms of section 8(1) shall be Actual.
- 5.7 To determine whether the valuations for multiple purpose usage will be assessed according to the (dominant use of the property)
- 5.8 To rate public service infrastructure.

6. **CATEGORIES OF RATEABLE PROPERTY AND DIFFERENTIAL RATING**

The categories of properties for this municipality are those specified in Appendix 1.

6.1 Different rates may be levied for different categories of rateable property.

6.2 A municipality may not levy:

6.2.1 different rates on residential properties, except as provided for in sections 11(1)(b), 21 and 89 of the Act;

6.2.2 a rate on non-residential properties that exceeds a prescribed ratio to the rate on residential properties determined in terms of section 1(1)(a) of the Act;

6.2.3 rates which unreasonably discriminate between categories of non-residential properties; or

6.2.4 additional rates except in Special Rating Areas as provided for in the Act.

7. **RELIEF MEASURES FOR RATEPAYERS**

7.1 The municipality has considered:

7.1.1 the need to grant relief to certain ratepayers (including the poor) with a view to providing for appropriate measures to alleviate the impact of the rates burden on them;

7.1.2 the effect of rates on non profit organizations whose income is applied solely to further the aims and objectives of the said organization, and which may be registered in terms of the Income Tax Act for tax reductions because of those activities;

7.1.3 the specified public benefit activities recognized by the act relating to those activities listed in item 1 (welfare and humanitarian), item 2 (health care) and item 4 (education and development) of Part 1 of the Ninth schedule to the Income Tax Act, 1962 (Act No.58 of 1962), and these public benefit organizations have been granted the relief identified below.

7.4 The Municipality will only consider the grant of relief to those organizations who meet the requirements set out in clause 7.1.2 and 7.1.3 above and whose activities are of a public and/or charitable nature.

7.5 The municipality will not grant relief in respect of the payment of rates other than by way of an exemption, a rebate or a reduction provided for in its rates policy and granted in terms of section 15 of the Act to:

7.5.1 a category of properties, or

7.5.2 a category of owners of properties as provided hereunder.

7.6 The municipality will not grant relief to the owners of properties on an individual basis.

8. **CATEGORIES OF OWNERS ENTITLED TO RELIEF**

8.1 This municipality has identified the categories of owners below for purposes of granting exemptions, rebates or reductions:

8.1.1 indigent owners;

8.1.2 pensioners;

8.1.3 owners temporarily without an income;

8.1.4 owners of property situated within an area affected by:

8.1.4.1 a disaster within the meaning of the Disaster Management Act 57 of 2002;

8.1.4.2 any other serious adverse social or economic conditions;

8.1.5 owners of residential properties with a market value below R15 000 determined by the Municipality;

8.1.6 public benefit organizations who conduct the following specified public benefit activities:

8.1.6.1 welfare and humanitarian; or

8.1.6.2 health care; or

8.1.6.3 education; and

- 8.1.6.4 are registered in terms of the Income Tax Act for tax reductions because of the activities referred to in (8.1.6);
- 8.1.7 non-profit organizations registered in terms of the non-profit organizations Act whose activities are that of a public and charitable nature as may be specified by the Municipality from time to time;.
- 8.1.8 minor children who are the head of a household as defined in child headed household;
- 8.1.9 disabled persons;
- 8.1.10 retirees;

## 9. **EXEMPTIONS**

***An exemption is a release from liability for the payment of rates.***

### A. **EXEMPTIONS GRANTED TO CATEGORIES OF PROPERTIES**

- 9.1 The Municipality has exempted in total, from payment of rates the following categories of properties:
  - 9.1.1 Property registered in the name of and used primarily as a place of public worship by a religious community including an official residence also registered in the name of that community, which is occupied by an office bearer who officiates at services at that place of public worship.
  - 9.1.2 Communal Property are categorized as Communal Property:-
    - Communal land defined in Section 1 of the Communal Land Rights Act, 2004
    - State Trust Land meaning land owned by the state:-
      - in trust for persons communally inhabiting the land in terms of a traditional system of land tenure;
      - over which land tenure rights were registered or granted.
      - which is earmarked for disposal in terms of the Restitution of Land Rights Act, No. 22 of 1994

**B. EXEMPTIONS GRANTED TO CATEGORIES OF OWNERS OF PROPERTIES**

9.2 The Municipality has resolved to exempt from the payment of rates the following categories of owners of properties:

9.2.1 Properties owned by public benefit organizations which are used for any specific public benefit activities listed in Part 1 of the 9<sup>th</sup> Schedule to the Income Tax Act;

9.2.2 Properties owned by owners registered as non profit organizations as follows:-

9.2.2.1 Sports bodies

9.3 All applications for exemption shall be granted on an annual basis

9.4 In order to qualify for exemption all applicants shall comply with the following requirements:

9.4.1 written applications for exemption for a financial year must be lodged in the prescribed format with the Municipal Manager on or before 31 March in the year prior to the financial year for which application is being made;

9.4.2 in the case of public benefit organizations upon proof of:

9.4.2.1 registration in terms of the requirements of the Income Tax Act;

9.4.2.2 an affidavit signed by the head of the public benefit organization or non profit organization before a Commissioner of Oaths that the property is used primarily for the specified public benefit activities and purposes of the said public benefit organization;

9.4.3 in the case of a religious community upon proof of submission that:

9.4.3.1 the property is used primarily as a place of public worship; and



9.4.3.2 in the case of the residence owned by the public benefit organization that property is occupied by an office bearer who officiates at services at that place of worship;

9.4.3.3 a copy of the title deed issued by the Deeds Registry within the last 2 months reflecting that the property is registered in the name of the applicant.

9.5. In the case of properties owned by non profit organizations upon proof of submission of:

9.5.1 an affidavit signed by the head of the non profit organization before a Commissioner of Oaths that the property is used primarily for the aims and objective of the said non profit organization ;

9.5.2 that no private pecuniary profit is made from the property;

9.5.3 that no rent is received by the applicant for any use of the property by other persons.

9.6 The Municipality reserves the right to specify such other requirements as the municipal manager deems necessary to specify from time to time.

## 10. **REDUCTIONS**

***A reduction is the lowering of the value of the property upon which rates will be levied.***

10.1 It is recorded that the municipality is precluded in terms of section 17(1)(h) of the Act from levying rates on the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality:

10.1.1 for residential properties; or

10.1.2 for properties used for multiple purposes provided one or more components of the property are used for residential purposes.

11. **REBATES**

*A rebate is a discount granted on the amount of rates payable by the ratepayer.*

A. **REBATES FOR CATEGORIES OF PROPERTIES**

11.1 The municipality has resolved to grant rebates to the categories of properties below:

**Schedule of the categories of properties granted rebates:**

Category of Property	Percentage Rebate of Rates
Residential	% to be determined annually
Commercial	% to be determined annually
Industrial	% to be determined annually
Agriculture Special provisions are applicable to agricultural rebates as per clause 11.4 below	% to be determined annually
Public Service Infrastructure	% to be determined annually

B. **REBATES FOR CATEGORIES OF OWNERS OF PROPERTIES**

11.2 The municipality has resolved to grant the following rebates, to the following categories of owners of properties in addition to the rebate granted to the category of properties in 11.1 above:

Category Of Owner	Percentage Rebate
A pensioner	% to be determined annually
Retiree	% to be determined annually
Persons temporarily without income	% to be determined annually

Disabled persons	% to be determined annually
Indigent persons	% to be determined annually
Owners of property in an area affected by a disaster	% to be determined annually

11.3 In order to qualify for the rebates a pensioner, a retiree, a disabled person, an indigent and/ or persons temporarily without income must:

- 11.3.1 be the sole owner of the property or owned jointly with his/her spouse;
- 11.3.2 be living permanently on the property;
- 11.3.3 not own any other property;
- 11.3.4 have an aggregate household income which is determined by the Council from time to time ;
- 11.3.5 provide proof of identity in the form of an identity document; and
- 11.3.6 substantiate items 11.3.2 to 11.3.4 above by way of a sworn affidavit before a Commissioner of Oaths;
- 11.3.7 provide proof of income on a sworn declaration and supported by documentation;
- 11.3.8 medical certificate as required by the municipality if the application relies on a medical basis for the rebate;
- 11.3.9 any other supporting documents specified by the municipality from time to time.

11.4 The Municipality in considering the criteria to be applied in respect of rebates on properties used for agricultural purposes, took into account:

- 11.4.1 The extent of services provided by the municipality in respect of such properties;
- 11.4.2 The contribution of agriculture to the local economy;
- 11.4.3 The extent to which agriculture assists in meeting the service delivery and development obligations of the Municipality;
- 11.4.4 The contribution of agriculture to the social and economic welfare of farm workers .

- 11.5 The Municipality will not grant relief in respect of the payment of a rate:
- 11.5.1 to a category of owners of properties, or to the owners of a category of properties, other than by way of an exemption, a rebate or a reduction as provided for in this policy and granted in terms of Section 15 of the Act; or
  - 11.5.2 to the owners of properties on an individual basis.

12. **CRITERIA FOR DIFFERENTIAL RATING**

- 12.1 Differential rating is the levying of different rates for different categories of properties. The Municipality has resolved to levy differential rates for different categories of rateable property properties as reflected in Appendix 1 and the rates applicable to the different categories of properties are as resolved by the council or by the Minister:

13. **MULTIPLE PURPOSE PROPERTIES**

- 13.1 Section 9 of the Act provides for the value of properties to be based on one of the following criteria namely:
- 13.1.1 the permitted use (section 9(a));
  - 13.1.2 the dominant use (section 9(b));
  - 13.1.3 pro rata based on the various multi-purpose usage (Section 9(c)).
- 13.2 Valuations will be assessed on a pro rata basis for multi purpose properties.
- 13.3 It is recorded that this municipality has determined that for the purpose of assessing the value of multi purpose properties the following criteria will apply:
- 13.3.1 option 13.2.1 will apply only in respect of vacant land which has not been put to any use. In this instance the zoning or permitted use prevails. If indeterminate, then the valuer will establish the Highest and Best Use of the property;

- 13.3.2 dominant usage as in 13.2.2 will be determined by the valuer as a basis for determining the use category. Dominant in this instance shall be measured as the higher of either;
- 13.3.2.1 the measured extent under use (land and/or buildings), or
- 13.3.2.2 the gross rental value of the area under use (land and/or buildings).
- 13.4 Properties will be assessed on dominant use where at least 66% of that property is used for a particular purpose. The entire property will be assigned to that category of usage and the value will be assessed based on that usage only .
- 13.5 Section 9(c) of the Act allows for that multiple purpose properties to be determined by apportioning the market value of the property to the different purposes for which the property is used and then applying the respective rate randage to the different usages on a pro rata basis.
- 13.6 This municipality has resolved that:
- 13.6.1 For multi purpose properties, the rates be determined by apportioning the market value of the property to the different purposes for which the property is used and then applying the respective rate randage to the different usages on a pro rata basis.

#### 14. **COMMUNITY PARTICIPATION**

***It is recorded that every municipality may only adopt its rates policy or any amendment thereof or any review of its policy after following a process of community participation in accordance with chapter 4 of the Municipal systems Act, 2000.***

- 14.1 This Municipality will comply with its community participation and consultation obligations in terms of Chapter 4 of the Municipal Systems Act and Sections 4 and 5 of the Act before the Rates Policy or any review thereof is finally adopted. In terms of chapter 4 of the Municipal systems Act, 2000 (Act No. 32 of 2000) the Municipality is committed to:

- 14.1.1 building capacity of the local community to enable it to participate in the affairs of the Municipality; and
  - 14.1.2 to foster community participation for which the municipality will allocate funds in its budget for such processes.
- 14.2 The Participation by the local community in municipal affairs will take place through the political structures; the mechanisms, processes and procedures for participation in municipal governance and any other appropriate mechanisms processes and procedures established by the municipality and generally to apply the provisions for participation as required by this act .
- 14.3 The municipality will provide for:
  - 14.3.1 the receipt, processing and consideration of petitions, objections and comments lodged by the members of the local community;
  - 14.3.2 public meetings and hearings by the municipal council and other political structures (e.g. ward committees) and political office bearers of the municipality;
  - 14.3.3 consultative sessions with locally recognized community organizations and where appropriate traditional authorities;
- 14.4 Communication with the public relating to the Rates Policy will be in terms of section 4(2) of the Act by notice in:
  - 14.4.1 local newspapers circulating in its area and determined by this council as a newspaper of record; and/or
  - 14.4.2 official notice boards and other public places accessible to the public including the library and the municipal offices;
  - 14.4.3 on the municipal website;

and inviting the local community to submit comments and representations within the time specified in the notice.

15. **RECOVERY OF RATES**

15.1 The following people shall be liable for the payment of rates levied by the Municipality:

15.1.1 owner of a property;

15.1.2 joint owners of a property, who shall be liable jointly and severally;

15.1.3 the owner of a sectional title unit; and

15.1.4 in relation to agricultural properties:

15.1.4.1 any one joint owner of the agricultural property for all the rates levied on the agricultural property; or

15.1.4.2 each individual joint owner for that portion of rates levied on the joint owner's undivided share in the agricultural property, which ever option the Municipality may choose in relation to agricultural properties.

15.2 In terms of Section 26 of the Act the Municipality will recover rates:

15.2.1 Over ten (10) months as may be prescribed in terms of the Municipal Finance Management Act, which rate must be paid on or before the last working day of each month in each period determined by the Municipality; or

15.2.2 annually, as may be agreed with the owner of the property, on or before the 30 September.

15.3 The Municipality will furnish each person liable for the payment of rates with a written account in terms of Section 27 of the Act.

15.4 A Municipality may recover rates in arrears from tenants and occupiers in accordance with the provisions of Section 28 of the Act.

15.5 A Municipality may recover rates due, either whole or in part, from the agent of the owner if this is more convenient for the Municipality and in terms of Section 29 of the Act.

- 15.6 A Municipality may change interest on arrears at a rate determined by Council, from time to time, in terms of Section 64 (2)(g) of the Local Government : Municipal Finance Management Act, No. 56 of 2003.

16. **CONSOLIDATION AND APPORTIONMENT OF PAYMENTS**

Separate accounts of persons liable for payment to the municipality for either rates or services may be consolidated in one account and any appropriation of payments will be done in accordance with the municipality's credit control policy.

17. **DEFERMENT OF RATES**

- 17.1 The Municipality will on application defer the payment of rates in terms of section 26(3) of the Act under the following special circumstances. To qualify for deferment of rates, the Applicant: -

- 17.1.1 must be a pensioner, indigent, disabled, over 60 years of age, or who is not above 60 years of age, but has or has been retired from employment by reason of any illness or disability certified by a medical practitioner, dentist, psychologist, intern or intern psychologist contemplated in the Medical, Dental and Supplementary Health Service Professions Act, 1974 (Act 56 of 1974), and whose income from all sources whatsoever must not exceed R 4 500 per annum (including the income of the spouse, if applicable) and the Municipal valuation of the property must not exceed R200 000.00;
- 17.1.2 must reside permanently on the property concerned;
- 17.1.3 must be the registered owner of the property.

- 17.2 Application must be made annually in writing on the prescribed form:

- 17.2.1 not later than the final date for payment of such rates provided that the council may in special circumstances grant a deferment of the payment of rates after the final date for such payment notwithstanding that such application was made after such final date for payment;



- 17.3 Deferment will be considered provided that the total amount of all rates so deferred together with accumulated interest accumulated thereon shall not at any time exceed 50% of the value of the property concerned as shown in the valuation roll.
- 17.4 The final date for payment of the rates on the property concerned shall not be affected by reason of any application for deferment in terms of subsection 17.2 above, provided that if the council allows such application, the portion of the rates in respect of which payment is deferred shall be refunded to the applicant.
- 17.5 The accumulated amount of the deferred rates shall bear interest at a rate determined from time to time by the council and the council may also approve the waiver of such interest.
- 17.6 Only the current year's rates can be considered for deferment and then only if the Applicant's rates are not in arrears.
- 17.7 Any deferment granted in terms here of shall terminate immediately: -
- 17.7.1 upon the death of the registered owner, provided that the council may continue such deferment, in any case where it is established to its satisfaction that the property concerned has been inherited by the surviving spouse and that such spouse is continuing in occupation of the property;
  - 17.7.2 upon the expropriation, sale or other disposal of the property concerned;
  - 17.7.3 upon the owner ceasing to reside permanently on the property concerned;
  - 17.7.4 if the owner fails by the final date for the payment thereof, to pay rates or any part thereof owing in respect of the property concerned, after allowing for the amount of the deferment; and
  - 17.7.5 on expiry of the period of deferment.
18. **IMPERMISSIBLE RATES IN TERMS OF SECTION 17 OF THE ACT**
- 18.1 It is recorded that the Municipality may not, in terms of section 17 of the Act levy a rate on-

- 18.1.1 the first 30% of the market value of public service infrastructure;
  - 18.1.2 any part of the seashore as defined in the Seashore Act, 1935 (Act No.21 of 1935);
  - 18.1.3 any part of the territorial waters of the Republic as determined in terms of the Maritime Zones Act, 1994 (Act No. 15 of 1994);
  - 18.1.4 any islands of which the state is the owner, including the Prince Edward Islands referred to in the Prince Edward Islands Act, 1948 (Act No. 43 of 1948);
  - 18.1.5 those parts of a special nature reserve, national park or nature reserve within the meaning of the Protected Areas Act, or of a national botanical garden within the meaning of the National Environmental Management: Biodiversity Act, 2004, which are not developed or used for commercial, business, agricultural or residential purposes;
  - 18.1.6 mineral rights within the meaning of paragraph 18.1.2 of the definition of "property" in section 1;
  - 18.1.7 a property belonging to a land reform beneficiary or his or her heirs, provided that this exclusion lapses ten years from the date on which such beneficiary's title was registered in the office of the Registrar of Deeds;
  - 18.1.8 the first R15 000 of the market value of a property assigned in the valuation roll or supplementary valuation roll of a municipality to a category determined by the municipality-
    - 18.1.8.1 residential purposes;
    - 18.1.8.2 for properties used for multiple purposes, provided one or more components of the property are used for residential purposes; or
  - 18.1.9 on a property registered in the name of and used primarily as a for place of public worship by a religious community, including an official residence registered in the name of that community which is occupied by an office-bearer of that community who officiates at services at that place of worship.
- 18.2 The exclusion from rates of a property referred to in subsection 18.1.5 lapses if the declaration of that property as a special nature reserve, national park, nature reserve or national botanical garden, or as part of such a reserve, park or botanical garden, is withdrawn in terms of the applicable Act mentioned in that subsection.

18.3 If the property in respect of which the declaration is withdrawn is privately owned, the owner, upon withdrawal of the declaration, becomes liable to the municipality concerned for any rates that, had it not been for subsection 18.1.5, would have been payable on the property during the period commencing from the effective date of the current valuation roll of the municipality. If the property was declared as a protected area after the effective date of the current valuation roll, rates are payable only from the date of declaration of the property.

18.4 The amount for which an owner becomes liable in terms of paragraph (b) must be regarded as rates in arrears, and the applicable interest on that amount is payable to the municipality.

18.5 Paragraphs 18.2 and 18.3 apply only if the declaration of the property was withdrawn because of-

18.5.1 a decision by the private owner for any reason to withdraw from the agreement concluded between the private owner and the state in terms of the Protected Areas Act, and in terms of which the private owner initially consented to the property being declared as a protected area; or

18.5.2 a decision by the state to withdraw from such agreement because of a breach of the agreement by the private owner.

19. **CONSTITUTIONALLY IMPERMISSIBLE RATES**

19.1 The Act provides that in terms of Section 229(2)(a) of the Constitution a Municipality may not exercise its power to levy rates on property in a way that would materially and unreasonably prejudice -

19.1.1 national economic policies;

19.1.2 economic activities across its boundaries; or

19.1.3 the national mobility of goods, services, capital or labour.

20. **NEWLY RATED PROPERTY**

20.1 Any property which was not previously rated must be phased in subject to the conditions that:

- 20.1.1 property registered in the name of a land reform beneficiary must be phased in after the exclusion period in section 17(1) (g);
- 20.1.2 property owned by Public Benefit Organizations must be phased in over a period of four financial years provided that the Municipality may extend this period on written application to the MEC.

20.2 The phasing in period shall be as set out in the attached table.

**Applicable rates for properties to be phased in over four years**

Year	Percentage Rates Payable
First	Zero%
Second	25%
Third	50%
Fourth	75%

**Applicable rates for properties to be phased in over three years**

Year	Percentage Rates Payable
First	25%
Second	50%
Third	75%

## APPENDIX 1

CATEGORIES OF PROPERTIES ( Municipality to select applicable categories and add to list if necessary)	REBATES (Optional)	REDUCTION (Optional)	EXEMPTION (Optional)
Farm Properties, including small holdings		Y	
State and State Trust Land including Ingonyama Trust Board Land			
Tenure Rights within State and State Trust Land			
National & Provincial			
Municipal Public Service Infrastructure		Y	
Residential			
Vacant land- residential			
<b>Non residential</b>			
General Business Properties/Commercial			
Industrial			
Municipal owned properties other than Municipal owned Public Service Infrastructure			
Privately owned towns services by the owner			
Vacant land – non residential			
<b>Specialized Properties</b>			
Abattoirs			
Airports/Airfields			
Casinos			
Civic Centre			
Clinics			
Crèches			
Golf Courses/Estates			
Grain Co-ops			
Grain Depots			
Heavy Manufacturing/Engineering			
Hospitals (Private & State)			
Hotels, Resorts & Conference Centres			
Law courts			
Libraries			
Military Bases			
Mines			
Old Age / Retirement Homes			
Petrol Filling Stations			
Places of Worship			
Police Stations			
Post Offices			
Power stations and sub stations			
Prisons			
Quarries			
Racetracks			
Schools (Private & State)			
Shopping Centres			
Sports Facilities including Stadiums			
Stations & Shunting Yards			
Other Uses not described above			
<b>Properties :</b> (i) acquired through the Provision of Land and Assistance Act, 1993 or the Restitution of Land Rights Act, 1994 or (ii) which are subject to the Communal Property Association Act, 1996.			
Formally Proclaimed Protected areas			
Properties used for Eco Tourism			

Properties on which National Monuments are proclaimed			
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# MTHONJANENI LOCAL MUNICIPALITY

## DRAFT INDIGENT POLICY

<b>Date Approved:</b>	
<b>Date Implemented:</b>	

### **1. DEFINITIONS**

**"Council"** means the Mthonjaneni Local Municipality and its successors in law and includes the Council of that municipality or its Executive Committee or any other body acting by virtue of any power delegated to it in terms of legislation, as well as any officer to whom the Executive Committee has delegated any powers and duties with regard to this policy.

**"consumption"** means the ordinary use of municipal services, including refuse removal and electricity services for domestic or household purposes.

**"due date"** means, in the absence of any express agreement in relation thereto between the Council and the customer, the date stipulated on the account and determined from time to time as the last date on which the account shall be paid.

**"municipal services"** means electricity and refuse removal services provided by the municipality.

**"refuse charge"** means the monthly charge levied by the municipality for the removal of solid domestic waste.

**"Income level"** means the total, combined income, from any source whatsoever, of the owner and/or all occupiers of a property, as determined according to national policy and guidelines and reflected in the Council's Tariffs for Indigents.

**"occupier"** includes any person in actual occupation of a property without regard to the title under which he occupies, if any.

**"owner"** means the person in whom from time to time is vested the legal title to the property.



## **2. AUTOMATIC QUALIFICATION FOR CONCESSIONS**

- 2.1** Owners and/or occupiers of residential property within the municipal boundary who within a household earn a joint income of less than R850.00 per month shall qualify for indigent support as set out hereunder.
- 2.2** The following conditions to apply subject to 2.1 above:
- Refuse Removal - free
  - Electricity - Equal to free basic electricity
  - In terms of the national guidelines issued from time to time
  - Burials - Cost of burial site at R300.00 per site.
  - Rates - In terms of the guidelines as set out in the Rates Policy.
- 2.3** in the event that an account is rendered and is deemed not payable and the owner or occupier continues to qualify under the terms and conditions of the this policy for indigent concessions, no interest shall be raised on the account. However, should the owner or occupier fail to comply with the terms and conditions of the this policy and an account is rendered and deemed payable, interest shall be raised on the full outstanding overdue account.

## **3. APPLICATION FOR INDIGENT SUPPORT**

- 3.1** Indigents, whose level of income is less than the amount determined by Council as qualifying for indigent support, may apply in writing to the Council for such support.
- 3.2** Owners or occupiers who apply for such support shall be required to apply annually, in writing, for such support on the prescribed form.
- 3.3** Only registered residential consumers of services delivered by Municipality qualify for support.
- 3.4** No consumer conducting a business on a residential property, with or without special consent from the Council, shall qualify for assistance.
- 3.5** Support in terms of this policy only be provided to owners or residents who occupy the premises.
- 3.6** Applications for support must be made during March and September of each year and will apply from the first of the month following the month application and will continue for 12 months.
- 3.7** Should further support be required a new application must be lodged.

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## **BANKING AND INVESTMENT POLICY**

<b>Date Approved:</b>	
<b>Date Implemented:</b>	

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### **1. DEFINITIONS**

### **2. INTRODUCTION**

The municipality shall at all times manage its banking arrangements and investments and conduct its cash management policy in compliance with the provisions of and any further prescriptions made by the Minister of Finance in terms of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

### **3. OBJECTIVE OF INVESTMENT POLICY**

The Council of the municipality is the trustee of the public revenues which it collects, and it therefore has an obligation to the community to ensure that the municipality's cash resources are managed effectively and efficiently.

The Council therefore has a responsibility to invest these public revenues knowledgeably and judiciously, and must be able to account fully to the community in regard to such investments.

The investment policy of the municipality is therefore aimed at gaining the highest possible return on investments, without incurring undue risks, during those periods when cash revenues are not needed for capital or operational purposes. The effectiveness of the investment policy is dependent on the accuracy of the municipality's cash management programme, which must identify the amounts surplus to the municipality's needs, as well as the time when and period for which such revenues are surplus.

## **4. EFFECTIVE CASH MANAGEMENT**

### **4.1 Cash Collection**

All monies due to the municipality must be collected as soon as possible, either on or immediately after due date, and banked on a daily basis.

The respective responsibilities of the Chief Financial Officer and other Heads of Departments in this regard is defined in a code of financial practice approved by the Municipal Manager and the Chief Financial Officer, and this code of practice is attached as Annexure "A" to this policy.

The unremitant support of and commitment to the municipality's credit control policy, both by the Council and the municipality's officials, is an integral part of proper cash collections, and by approving the present policy the Council pledges itself to such support and commitment.

### **4.2 Payments to Creditors**

The Chief Financial Officer shall ensure that all tenders and quotations invited by and contracts entered into by the municipality stipulate payment terms favourable to the municipality, that is, payment to fall due not sooner than the conclusion of the month following the month in which a particular service is rendered to or goods are received by the municipality. This rule shall be departed from only where there are financial incentives for the municipality to effect earlier payment, and any such departure shall be approved by the Chief Financial Officer before any payment is made.

In the case of small, micro and medium enterprises, where such a policy may cause financial hardship to the contractor, payment may be effected at the conclusion of the month during which the service is rendered or within fourteen (14) days of the date of such service being rendered, whichever is the later. Any such early payment shall be approved by the Chief Financial Officer before any payment is made.

Notwithstanding the foregoing policy directives, the Chief Financial Officer shall make full use of any extended terms of payment offered by suppliers and not settle any accounts earlier than such extended due date, except if the Chief Financial Officer determines that there are financial incentives for the municipality to do so.

The Chief Financial Officer shall ordinarily process payments on a weekly basis, for accounts received, Wherever possible, payments shall be effected by means of electronic transfers rather than by cheques.

Special payments to creditors shall only be made with the express approval of the Chief Financial Officer, who shall be satisfied that there are compelling reasons for making such payments.

#### **4.3 Management of Inventory**

Each Head of Department shall ensure that such department's inventory levels do not exceed **normal operational requirements** in the case of items which are not readily available from suppliers, and **emergency requirements** in the case of items which are readily available from suppliers.

Each Head of Department shall periodically review the levels of inventory held, and shall ensure that any surplus items be made available to the Chief Financial Officer for sale at a public auction or by other means of disposal, as provided for in the municipality's supply chain management policy.

#### **4.4 Cash Management Programme**

The Chief Financial Officer shall prepare an annual estimate of the municipality's cash flows divided into calendar months, and shall update this estimate on a monthly basis. The estimate shall indicate when and for what periods and amounts surplus revenues may be invested, when and for what amounts investments will have to be liquidated, and when – if applicable – either long-term or short-term debt must be incurred. Heads of Departments shall in this regard furnish the Chief Financial Officer with all such information as is required, timeously and in the format indicated.

The Chief Financial Officer shall report to the Executive Committee on a monthly basis and to every ordinary Council meeting the cash flow estimate or revised estimate for such month or reporting period respectively, together with the actual cash flows for the month or period concerned, and cumulatively to date, as well as the estimates or revised estimates of the cash flows for the remaining months of the financial year, aggregated into quarters where appropriate. The cash flow estimates shall be divided into calendar months, and in reporting the Chief Financial Officer shall provide comments or explanations in regard to any significant cash flow deviation in any calendar month forming part of such report. Such report shall also indicate any movements in respect of the municipality's investments, together with appropriate details of the investments concerned.

### **5. INVESTMENT ETHICS**

The Chief Financial Officer shall be responsible for investing the surplus revenues of the municipality, and shall manage such investments in consultation with the Municipal Manager in compliance with any policy directives formulated by the Council and prescriptions made by the Minister of Finance.

In making such investments the Chief Financial Officer, shall at all times have only the best considerations of the municipality in mind, and, except for the outcome of the consultation process with the Municipal Manager, shall not accede to any influence by or interference from councilors, investment agents or institutions or any other outside parties.

Neither the Chief Financial Officer nor the Municipal Manager, may accept any gift, other than an item having such negligible value that it cannot possibly be construed as anything other than a token of goodwill by the donor, from any investment agent or institution or any party with which the municipality has made or may potentially make an investment.

## **6. INVESTMENT PRINCIPLES**

### **6.1 Limiting Exposure**

Where large sums of money are available for investment the Chief Financial Officer shall ensure that they are invested with more than one institution, wherever practicable, in order to limit the risk exposure of the municipality. The Chief Financial Officer shall further ensure that, as far as it is practically and legally possible, the municipality's investments are so distributed that more than one investment category is covered.

### **6.2 Risk and Return**

Although the objective of the Chief Financial Officer in making investments on behalf of the municipality shall always be to obtain the best interest rate on offer, this consideration must be tempered by the degree of risk involved. No investment shall be made with an institution where the degree of risk is perceived to be higher than the average risk associated with investment institutions. Deposits shall be made only with registered deposit-taking institutions (see 6.4 below).

### **6.3 Payment of Commission**

Every financial institution with which the municipality makes an investment must issue a certificate to the Chief Financial Officer in regard to such investment, stating that such financial institution has not paid and will not pay any commission and has not and will not grant any other benefit to any party for obtaining such investment.

#### **6.4 Call Deposits and Fixed Deposits**

Before making any call or fixed deposits, the Chief Financial Officer, shall obtain quotations from at least three (3) financial institutions, and it shall be accepted that in seeking such quotations the Chief Financial Officer may bargain between the institutions concerned.

Given the volatility of the money market, the Chief Financial Officer, shall, whenever necessary, request quotations telephonically, and shall record in an appropriate register the name of the institution, the name of the person contacted, and the relevant terms and rates offered by such institution, as well as any other information which may be relevant (for example, whether the interest is payable monthly or only on maturity).

Once the best investment terms have been identified, written confirmation of the telephonic quotation must be immediately obtained (by facsimile, e-mail or any other expedient means).

Any monies paid over to the investing institution in terms of the agreed investment shall be paid over only to such institution itself and not to any agent or third party. Once the investment has been made, the Chief Financial Officer shall ensure that the municipality receives a properly documented receipt or certificate for such investment, issued by the institution concerned.

#### **6.5 Restriction on Tenure of Investments**

No investment with a tenure exceeding twelve (12) months shall be made without the prior approval of the Municipal Manager.

### **7. CONTROL OVER INVESTMENTS**

The Chief Financial Officer shall ensure that proper records are kept of all investments made by the municipality. Such records shall indicate the date on which the investment is made, the institution with which the monies are invested, the amount of the investment, the interest rate applicable and the maturity date. If the investment is liquidated at a date other than the maturity date, such date shall be indicated.

The Chief Financial Officer shall ensure that all interest properly due to the municipality is timeously received, and shall take appropriate steps or cause such appropriate steps to be taken if interest is not fully or timeously received.

The Chief Financial Officer shall ensure that all investment documents and certificates are properly secured.

## **8. OTHER EXTERNAL INVESTMENTS**

From time to time it may be in the best interests of the municipality to make longer-term investments in the stock issued by the national government, Eskom or any other parastatal or institution, or by another municipality. In such cases the Chief Financial Officer, must be guided by the best rates of interest pertaining to the specific type of investment which the municipality requires, and to the best instrument available at the time.

## **9. BANKING ARRANGEMENTS**

The Municipal Manager is responsible for the management of the municipality's bank accounts, but may delegate this function to the Chief Financial Officer. The Municipal Manager and Chief Financial Officer are authorised at all times to sign cheques and any other documentation associated with the management of such accounts. The Municipal Manager, in consultation with the Chief Financial Officer, is authorised to appoint two (2) or more additional signatories in respect of such accounts, and to amend such appointments from time to time. The list of current signatories shall be reported to the Executive Committee on a monthly basis, as part of the report dealing with the municipality's investments.

In compliance with the requirements of Section 8 of the Municipal Finance Management Act, the Municipal Manager shall open a bank account for ordinary operating purposes. Unless there are compelling reasons to do otherwise, and the Council expressly so directs, all the municipality's bank accounts shall be maintained with the same banking institution.

The Municipal Manager shall invite tenders for the placing of the municipalities bank accounts within six (6) months after the election of each new Council, such new banking arrangements to take effect from the first day of the ensuing financial year. However, such tenders may be invited at any earlier stage, if the Municipal Manager, in consultation with the Chief Financial Officer is of the opinion that the services offered by the municipality's current bankers are materially defective, and the Executive Committee agrees to the invitation of such tenders.

## **10. RAISING OF DEBT**



The Municipal Manager is responsible for the raising of debt, but may delegate this function to the Chief Financial Officer, who shall then manage this responsibility in consultation with the Municipal Manager. All debt shall be raised in strict compliance with the requirements of the Local Government : Municipal Finance Management Act, 2003, and only with the prior approval of the Council.

Long-term debt shall be raised only to the extent that such debt is provided for as a source of necessary finance in the capital component of the approved annual budget or adjustments budget.

Short-term debt shall be raised only when it is unavoidable to do so in terms of cash requirements, whether for the capital or operating budgets, or to settle any other obligations, and provided the need for such short-term debt, both as to extent and duration, is clearly indicated in the cash flow estimates prepared by the Chief Financial Officer. Short-term debt shall be raised only to anticipate a certain long-term debt agreement or a certain inflow of operating revenues.

#### **11. INVESTMENTS FOR THE REDEMPTION OF LONG-TERM LIABILITIES**

In managing the municipality's investments, the Chief Financial Officer shall ensure that, whenever a long-term (non-annuity) loan is raised by the municipality, an amount is invested at least annually equal to the principal sum divided by the period of the loan. Such investment shall be made against the bank account maintained for the external finance fund, and shall be accumulated and used only for the redemption of such loan on due date. The making of such investment shall be approved by the Council at the time that the loan itself is approved.

If the loan raised is not a fixed term loan, but an annuity loan, the Chief Financial Officer shall ensure that sufficient resources are available in the account maintained for the external finance fund to repay the principal amounts due in respect of such loan on the respective due dates.

#### **12. INTEREST ON INVESTMENTS**

The interest accrued on all the municipality's investments shall, in compliance with the requirements of generally accepted municipal accounting practice (GAMAP), be recorded in the first instance in the municipality's operating account as ordinary operating revenues, and shall thereafter be appropriated, at the end of each year, to the fund or account in respect of which such investment was made.

In the case of the external finance fund, the Chief Financial Officer may reduce the amount which must be annually invested to redeem any particular loan by the amount of interest so accrued.

If the accrual of interest to the external finance fund, unutilised capital receipts and trust funds results in a surplus standing to the account of any such funds, that is, an amount surplus to the resources required in respect of such funds or accounts, such surplus amount shall be credited by the Chief Financial Officer to the appropriation account and re-appropriated to the asset financing reserve.

**ANNEXURE "A"**

**CODE OF PRACTICE IN**  
**REGARD TO PAYMENTS,**  
**REVENUE COLLECTION AND**  
**STORES**

## **1. STORES ADMINISTRATION**

The Chief Financial Officer shall be responsible for the proper administration of all stores. If sub-stores are established under the control of any Head of Department, such Head of Department shall be similarly responsible for the proper administration of such sub-store, and in doing so shall comply with the stock level policies as determined from time to time by the Chief Financial Officer, acting in consultation with the Head of Department concerned. No sub-store may be established without the prior written consent of the Chief Financial Officer.

## **2. CONTRACTS : MANAGEMENT OF**

Within such general buying and related procedures as the Chief Financial Officer shall from time to time determine, and further within the confines of any relevant legislation and of such rules and procedures as may be determined by the Executive Committee:-

- all buying contracts shall be administered by the Chief Financial Officer, and all payments relating to such contracts shall be authorised by the Chief Financial Officer or the Head of Department concerned; and
- all other contracts, including building, engineering and other civil contracts shall be administered by the Head of Department concerned, and all payments relating to such contracts shall be authorised by such Head of Department in accordance with the provisions of section 3 below. The Head of Department concerned shall ensure that all payment certificates in regard to contracts are properly examined and are correct in all respects – before being submitted to the Chief Financial Officer for payment.

## **3. PAYMENTS**

- 3.1** All payments, other than petty cash disbursements, shall be made through the municipality's bank account(s).
- 3.2** The Chief Financial Officer shall draw all cheques on this account, and shall, in consultation with the Municipal Manager and with due regard to the Council's policy on banking and investments, determine the rules and procedures relating to the signing of cheques, and from time to time jointly with the Municipal Manager decide on appropriate signatories.
- 3.3** All requests for payments of whatever nature shall be submitted on payment vouchers, the format of which shall be determined by the Chief Financial Officer. Such vouchers shall be authorised in terms of such rules and procedures as are determined from time to time by the Chief Financial Officer.

- 3.4** The maximum amount and nature of petty disbursements, where not covered by the general buying procedures referred to in section 2, shall be generally determined from time to time by the Chief Financial Officer. No cash float shall be operated without the authority of the Chief Financial Officer, who may prescribe such procedures relevant to the management of such float as are considered necessary.
- 3.5** The Chief Financial Officer shall be responsible for the payment of all salaries and remuneration benefits to employees and councilors, and for the determination of the payment system to be used.

#### **4. REVENUE AND CASH COLLECTION**

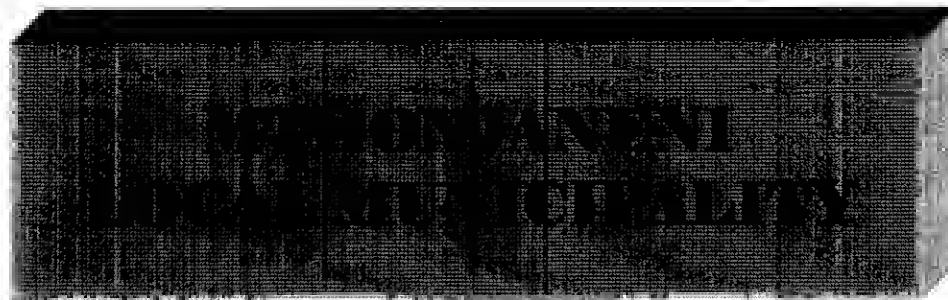
- 4.1** Every Head of Department shall be responsible for the collection of all moneys falling within the ambit and area of his or her designated functions.
- 4.2** The Chief Financial Officer shall ensure that all revenues are properly accounted for.
- 4.3** The collection of all arrear revenues and the control of arrear accounts shall be co-ordinated by the Chief Financial Officer in terms of any policies determined by the Council. If it is clear that any revenues are not recovered or likely to be recovered after the necessary steps have been taken, the Chief Financial Officer shall report the matter adequately and timeously to the Executive Committee.
- 4.4** The Chief Financial Officer shall ensure that adequate provision is maintained to cover the writing off or irrecoverable revenues, having due regard to the Council's policy on rates and tariffs.

#### **5. BANKING OF RECEIPTS**

- 5.1** Guidelines and procedures for the banking of cheques and other receipts shall, if necessary, be determined from time to time by the Chief Financial Officer.
- 5.2** Where applicable, every Head of Department shall ensure that all revenues are banked daily with the municipalities banker(s), or less frequently if so approved by the Chief Financial Officer.

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## **CREDIT CONTROL AND DEBT COLLECTION** **POLICY**

<b>Date Approved:</b>	29 September 2004
<b>Date Implemented:</b>	

### **1. DEFINITIONS**

### **2. PREFACE : CONSTITUTIONAL OBLIGATIONS**

The Council of the municipality, in adopting this policy on credit control and debt collection, recognises its constitutional obligations to develop the local economy and to provide acceptable services to its residents. It simultaneously acknowledges that it cannot fulfill these constitutional obligations unless it exacts payment for the services which it provides and for the taxes which it legitimately levies – in full from those residents who can afford to pay, and in accordance with its indigency relief measures for those who have registered as indigents in terms of the Council's approved indigent management policy.

### **3. NOTICE OF DEFAULT AND INTENDED TERMINATION OR RESTRICTION OF SERVICES**

Within 3 (three) calendar days after each monthly due date for payment of municipal accounts for property rates and/or service charges, the municipal manager shall dispatch to every defaulting account holder, a notice stating that unless full payment is received or an acceptable arrangement made with the municipal manager for partial or late payment, the municipal electricity to the property to which the account in arrears relates, shall be terminated or restricted 14 (fourteen) calendar days after the date of the notice concerned.

#### **4. RECONNECTION OR REINSTATEMENT OF TERMINATED OR RESTRICTED SERVICES**

Terminated or restricted services of defaulting account holders in terms of paragraph 3 above shall be reconnected or reinstated by the municipal manager only when all the following conditions have been met:-

- the arrear account has been paid in full, including the interest raised on such account; or an acceptable arrangement has been made with the municipal manager for the payment of the arrear account, including the interest raised on such account;
- the charge(s) for the notice sent in terms of paragraph 3 and for the reconnection or reinstatement of the terminated or restricted service(s), as determined by the Council from time to time, have been paid in full;
- a service contract has been entered into with the municipality, as contemplated in paragraph 10 below; and
- a cash deposit has been lodged with the municipal manager in compliance with paragraph 11, such deposit to be newly determined on the basis of currently prevailing consumption of services in respect of the property concerned or, if insufficient data is available in regard to such consumption, of the currently prevailing consumption of services in respect of a comparable property.

#### **5. PERIODS FOR RECONNECTIONS OR REINSTATEMENTS**

The municipal manager shall reconnect or reinstate terminated or restricted services within 3 (three) working days after the date on which the conditions set out in paragraph 4 have been met, unless the municipal manager is unable to do so because of circumstances beyond the control of the municipality. In the latter event the municipal manager shall promptly inform the mayor of such circumstances and of any actions required to overcome the circumstances concerned.

#### **6. ILLEGAL RECONNECTIONS**

The municipal manager shall, as soon as it comes to the notice of the municipal manager that any terminated or restricted service has been irregularly reconnected or reinstated, report such action to the South African Police Service, disconnect or restrict such service(s), and not reinstate such service(s) until the arrear account, including the interest raised on such account, the charges for the notice sent in terms of paragraph 3 and the charges for both the original and subsequent reconnection or reinstatement of the service(s) and the revised deposit have been paid in full, together with such penalty as may be determined by the Council from time to time.



**7. RESTRICTION OF SERVICES**

If the municipal manager is of the opinion that the termination of services, in the case of a particular property in respect of which the account is in arrear, is not in the best interests of the community – specifically because of the potential endangerment of the life of any person, whether resident in or outside the property concerned – the municipal manager may appropriately restrict rather than terminate the services in question, provided that such restricted services shall not be less than 50 kWh in the case of electricity.

**8. SERVICES NOT RECONNECTED OR REINSTATED AFTER FOUR WEEKS**

If services have been terminated or restricted in the case of a property in respect of which the account is in arrear, and the account holder has not paid such arrears, including the interest raised on such account, or made an acceptable arrangement with the municipal manager for the payment of the arrear account, including the interest raised on such account, within a period of 28 (twenty eight) calendar days after the date of termination or restriction of the service(s) concerned, the municipal manager shall forthwith hand such account over for collection and such further action as is deemed necessary by them to the municipality's attorneys or any debt collecting agency appointed by the Council. All legal expenses incurred by the municipality shall be for the account of the defaulting account holder.

**9. ARRANGEMENTS FOR PAYMENT OF ARREAR ACCOUNTS**

Allowing defaulting account holders to make arrangements for the payment of arrear accounts shall be at the discretion of the municipal manager. Each defaulting account holder shall be allowed a maximum period of 3 (three) months within which to pay an arrear account, together with the interest raised on such account, and it shall be a condition for the conclusion of any arrangement that the account holder is bound to pay every current municipal account in full and on time during the period over which such arrangement extends. If an account holder breaches any material term of an arrangement, the balance of the arrear account, together with the balance of interest raised on such account, shall immediately become due and payable to the municipality, and if the account holder defaults on such payment, the municipal manager shall terminate or restrict services to the property in question and shall forthwith hand such account over for collection as envisaged in paragraph 8. An account holder who has breached an arrangement as set out above shall not be allowed to make any further arrangements for the payment of arrear accounts, but shall be proceeded against, after the dispatch of the initial notice of default as envisaged in paragraph 3 and failure by the account holder to pay the arrear account, together with interest raised

on such arrears as required in terms of such notice, as though such account holder had breached a material term of an arrangement.

#### **10. SERVICE CONTRACT**

A service contract shall be entered into with the municipality for each property to which the municipality is expected to provide all or any of the following services:

- electricity
- refuse collection

Such contract shall set out the conditions on which services are provided and shall require the signatory to note the contents of the municipality's credit control and debt collection policy, a copy of which shall be provided to such signatory, as well as the provision of the Local Government : Municipal Systems Act in regard to the municipality's right of access to property.

#### **11. PAYMENT OF DEPOSITS**

Whenever a service contract is entered into in terms of paragraph 10, the signatory shall lodge a deposit with the municipality, such deposit to be determined as follows:-

- in the case of the signatory's not being the registered owner or spouse of the registered owner of the property concerned, an amount equal 2 months consumption of the aggregate monetary value of the relevant service(s) as determined above.

#### **12. ALLOCATION OF PART-PAYMENTS AND APPROPRIATION OF DEPOSITS**

If an account holder pays only part of any municipal account due, the municipal manager shall allocate such payment as follows:-

- firstly, to any unpaid charges levied by the municipality in respect of notices, legal expenses and reconnections or reinstatements of services in respect of the account or property concerned;
- secondly, to any unpaid interest raised on the account;
- thirdly, to any unpaid refuse collection charges;
- fourthly, to any unpaid property rates;
- lastly, to any unpaid electricity charges.

This sequence of allocation shall be followed notwithstanding any instructions to the contrary given by the account holder.

In the event of an account holder's defaulting on the payment of an arrear account, as contemplated in paragraphs 6, 8 and 9, the municipal manager shall forthwith appropriate as much of such deposit as is necessary to defray any costs incurred by the municipality and the arrear amount owing to the municipality in the same sequence that is applicable to the allocation of part payments, as contemplated above.

### **13. QUERIES BY ACCOUNT HOLDERS**

In the event of an account holder reasonably querying any item or items on the monthly municipal account, no action shall be taken against the account holder as contemplated in paragraph 3 provided the account holder has paid by due date an amount equal to the monthly average monetary value of the three most recent unqueried accounts, and provided further such query is made in writing by the account holder or is recorded in writing by the municipal manager on behalf of the account holder on or before the due date for the payment of the relevant account. Any query raised by an account holder in the circumstances contemplated in paragraph 14 below shall not constitute a reasonable query for the purposes of the present paragraph.

### **14. INABILITY TO READ METERS**

If the municipality is unable to read any meter on any property because the meter has been rendered inaccessible through any act or omission of the account holder or owner of the property concerned, the municipal manager shall estimate the consumption of the service concerned by determining the monthly average of the metered consumption recorded on the three most recent accounts in respect of which meter readings were obtained, and thereafter bill the account holder for the monetary value of such estimated consumption plus a provisional surcharge of 10% of such value for the first month in which the metered reading could not be obtained, escalating to 20% in the second month, 30% in the third month, and so on by 10 percentage points for each subsequent month, until the meter is again rendered accessible. The account holder shall be liable for the initial payment of such surcharge(s) as though the surcharge were part of the service charge concerned, but the municipal manager shall reverse such surcharge(s) against the first account for which a meter reading is again obtained.

**15. DISHONoured CHEQUES**

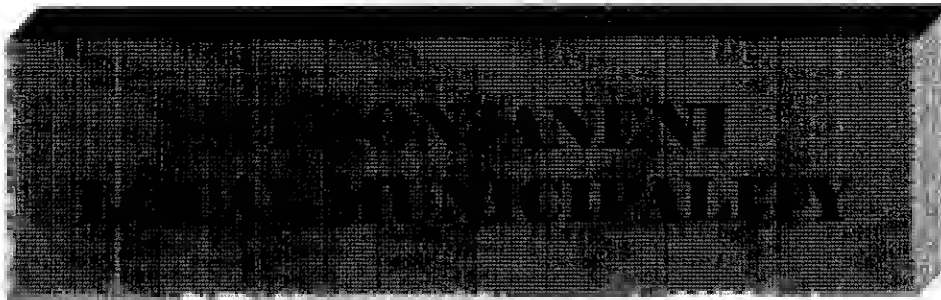
If an account holder tenders a cheque which is subsequently dishonoured by the account holder's bankers, the municipal manager shall – in addition to taking the steps contemplated in this policy against defaulting account holders – charge such account holder the penalty charge for dishonoured cheques, as determined by the Council from time to time, and such charge shall rank equally with the costs and expenses incurred by the municipality for purposes of determining the sequence of allocations and appropriations contemplated in paragraph 12.

**16. DELEGATION OF RESPONSIBILITIES BY MUNICIPAL MANAGER**

The municipal manager, including any person acting in such capacity, shall be responsible to the Council for the implementation of this policy and its attendant by-laws but – without in so doing being divested of such responsibility – may delegate in writing all or any of the duties and responsibilities referred to in these by-laws to any other official or officials of the municipality, and may from time to time in writing amend or withdraw such delegation(s).

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## **TARIFFS POLICY**

<b>Date Approved:</b>	
<b>Date Implemented:</b>	

### **1. DEFINITIONS**

### **2. INTRODUCTION**

A tariff policy must be compiled, adopted and implemented in terms of Section 74 of the Local Government: Municipal Systems Act 2000, such policy to cover, among other things, the levying of fees for municipal services provided by the municipality itself or by way of service delivery agreements.

The rates and tariffs policy has been compiled taking into account, where applicable, the guidelines set out in Section 74.

In setting its annual tariffs the Council shall at all times take due cognisance of the tariffs applicable elsewhere in the economic region, and of the impact which its own tariffs may have on local economic development.

### **3. PRINCIPLES**

Service tariffs imposed by the local municipality shall not be viewed as taxes, and therefore the ability of the relevant consumer or user of the services to which such tariffs relate, shall not be considered as a relevant criterion (except in the case of the indigency relief measures approved by the municipality from time to time).

The municipality shall ensure that its tariffs are uniformly and fairly applied throughout the municipal region.

Tariffs for the two major services rendered by the municipality, namely:

- electricity
- refuse removal (solid waste),

shall as far as possible recover the expenses associated with the rendering of each service concerned. The tariff which a particular consumer or user pays shall therefore be directly related to the standard of service received and the quantity of the particular service used or consumed.

The municipality shall, as far as circumstances reasonably permit, ensure that the tariffs levied in respect of the foregoing services further generate an operating surplus each financial year of 10% or such lesser percentage as the council of the municipality may determine at the time that the annual operating budget is approved. Such surpluses shall be applied in relief of property rates and for the partial financing of general services or for the future capital expansion of the service concerned, or both. The modesty of such surplus shall prevent the service tariffs concerned from being viewed as concealed taxes.

The municipality shall develop, approve and at least annually review an indigency support programme for the municipal area. This programme shall set out clearly the municipality's cost recovery policy in respect of the tariffs which it levies on registered indigents, and the implications of such policy for the tariffs which it imposes on other users and consumers in the municipal region.

In line with the principles embodied in the Constitution and in other legislation pertaining to local government, the municipality may differentiate between different categories of users and consumers in regard to the tariffs which it levies. Such differentiation shall, however, at all times be reasonable, and shall be fully disclosed in each annual budget.

The municipality's tariff policy shall be transparent, and the extent to which there is cross-subsidisation between categories of consumers or users shall be evident to all consumers or users of the service in question.

The municipality further undertakes to ensure that its tariffs shall be easily explainable and understood by all consumers affected by the tariff policy concerned.

The municipality also undertakes to render its services cost effectively in order to ensure the best possible cost of service delivery.

In the case of the directly measurable service, namely electricity, the consumption of such service shall be properly metered by the municipality, and meters shall be read, wherever circumstances reasonably permit, on a monthly basis. The charges levied on consumers shall be proportionate to the quantity of the service which they consume. In addition, the municipality shall levy monthly basic charges for the service

concerned, and these charges shall be fixed for each type of property as determined in accordance with the detailed policies set out below. Generally, consumers of electricity shall therefore pay two charges: one, relatively minor, which is unrelated to the volume of consumption and is levied because of the availability of the service concerned; and another directly related to the consumption of the service in question.

In considering the costing of its electricity service, the municipality shall take due cognisance of the high capital cost of establishing and expanding such service, and of the resultant high fixed costs, as opposed to variable costs of operating the service. The municipality therefore undertakes to plan the management and expansion of the service carefully in order to ensure that both current and reasonably expected future demands are adequately catered for, and that demand levels which fluctuate significantly over shorter periods are also met. This may mean that the services operate at less than full capacity at various periods, and the costs of such surplus capacity must also be covered in the tariffs which are annually levied.

In adopting what is fundamentally a two-part tariff structure, namely a fixed basic charge coupled with a charge based on consumption, the municipality believes that it is properly attending to the demands which both future expansion and variable demand cycles and other fluctuations will make on service delivery.

It is therefore accepted that part of the municipality's tariff policy for electricity services will be to ensure that those consumers who are mainly responsible for peak demand, and therefore for the incurring by the municipality of the associated demand charges from Eskom, will have to bear the costs associated with these charges. Such consumers shall therefore pay the relevant demand charge as well as a service charge directly related to their actual consumption of electricity during the relevant metering period.

#### **4. CALCULATION OF TARIFFS FOR MAJOR SERVICES**

In order to determine the tariffs which must be charged for the supply of the two major services, the municipality shall identify all the costs of operation of the undertakings concerned, including specifically the following:-

- Cost of bulk purchases in the case of electricity.
- Distribution costs, including distribution losses in the case of electricity.
- Depreciation and finance charges.
- Maintenance of infrastructure and other fixed assets.
- Administration and service costs, including:-



- service charges levied by other departments such as finance, human resources and legal services;
  - reasonable general overheads, such as the costs associated with the office of the municipal manager;
  - adequate contributions to the provisions for bad debts and leave of staff;
  - all other ordinary operating expenses associated with the service concerned including, in the case of the electricity service, the cost of providing street lighting in the municipal area (note: the costs of the democratic process in the municipality – that is, all expenses associated with the political structures of the municipality – shall form part of the expenses to be financed from property rates and general revenues, and shall not be included in the costing of the major services of the municipality).
- The intended surplus to be generated for the financial year, such surplus to be applied:-
    - as an appropriation to capital reserves; and/or

The municipality shall provide the first 50kWh (fifty) of electricity per month free of charge to consumers who have registered as indigents in terms of the municipality's indigency relief programme. The municipality shall further consider relief in respect of the tariffs for refuse removal for such registered indigents to the extent that the Council deems such relief affordable in terms of each annual budget, but on the understanding that such relief shall be 100% of the amount billed for the service concerned.

Tariffs for pre-paid meters shall be higher than the ordinary consumption tariffs levied on the category of consumer concerned, but no availability charge shall be levied on properties where pre-paid meters have been installed.

## **5. ELECTRICITY**

The various categories of electricity consumers, as set out below, shall be charged at the applicable tariffs, as approved by the council in each annual budget.

Tariff adjustments shall be effective from 1 July each year.

Categories of consumption and charges shall be as follows:-

- With the single exception of registered indigents, all electricity consumers shall be billed for their electricity consumption at the tariff applicable to the category in which the particular consumer falls.
- All electricity consumers of the municipality who are registered as indigents with the municipality shall receive free the first 50kWh (fifty) of electricity consumed per month; subject to sufficient provision being made on the budget.
- All domestic electricity consumers other than registered indigents and consumers using prepaid meters per month shall additionally be billed a basic charge per meter installed.
- The local municipality's electricity consumption shall be charged at cost.

## **6. REFUSE REMOVAL**

The categories of refuse removal users as set out below shall be charged at the applicable tariffs, as approved by the council in each annual budget.

A separate fixed monthly refuse removal charge shall apply to each of the following categories of users, based on the costs of the service concerned:-

- Domestic and other users (once weekly removal)
- Business and other users (twice weekly removal)
- Business and other users (thrice weekly removal)
- Business and other (bulk consumers).

Registered indigents may receive such discount on this charge as the council deems affordable when approving each annual budget, 50% of the monthly amount billed as a refuse removal charge.

Tariff adjustments shall be effective from 1 July each year.

A fixed monthly charge shall be charged to the local municipality's departments equal to the lowest (domestic) tariff.

## **7. MINOR TARIFFS**

All minor tariffs shall be standardised within the municipal region.

All minor tariffs shall be approved by the council in each annual budget, and shall, when deemed appropriate by the council, be subsidised by property rates and general revenues, particularly when the tariffs will prove uneconomical when charged to cover the cost of the service concerned, or when the cost cannot accurately be determined, or when the tariff is designed purely to regulate rather than finance the use of the particular service or amenity.

All minor tariffs over which the municipality has full control shall annually be adjusted at least in line with the prevailing consumer price index, unless there are compelling reasons why such adjustment should not be effected.

Minor tariffs shall include the following:-

- ❖ Cemetery fees
- ❖ Housing rentals
- ❖ Library fees (e.g. membership fees, fines, lost books, lost membership cards)
- ❖ Rentals for the use of municipal premises
- ❖ Rentals for the use of municipal sports grounds
- ❖ Rentals for the lease of municipal property
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## **SUPPLY CHAIN MANAGEMENT POLICY**

<b>Date Approved:</b>	15 February 2006
<b>Date Implemented:</b>	

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This policy was adopted by the **Mthonjaneni Local Municipality** on **15 February 2006** resolution **06/36** in terms of section 111 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

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### ***Part 3: Logistics, Disposal, Risk and Performance Management***

39. Logistics management
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### ***Part 4: Other matters***

43. Prohibition on awards to persons whose tax matters are not in order
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48. Sponsorships
49. Objections and complaints
50. Resolution of disputes, objections, complaints and queries
51. Contracts providing for compensation based on turnover

## DEFINITIONS

1. In this policy, unless the context otherwise indicates, a word or expression to which a meaning has been assigned in the Act has the same meaning as in the Act, and –

**"competitive bidding process"** means a competitive bidding process referred to in paragraph 12 (1) (d) of this policy;

**"competitive bid"** means a bid in terms of a competitive bidding process;

**"final award"**, in relation to bids or quotations submitted for a contract, means the final decision on which bid or quote to accept;

**"formal written price quotation"** means quotations referred to in paragraph 12(1)(c) of this policy;

**"in the service of the state"** means to be –

- (a) a member of –
  - (i) any municipal council;
  - (ii) any provincial legislature; or
  - (iii) the National Assembly or the National Council of Provinces;
- (b) a member of the board of directors of any municipal entity;
- (c) an official of any municipality or municipal entity;
- (d) an employee of any national or provincial department, national or provincial public entity or constitutional institution within the meaning of the Public Finance Management Act, 1999 (Act No.1 of 1999);
- (e) a member of the accounting authority of any national or provincial public entity; or
- (f) an employee of Parliament or a provincial legislature;

**"long term contract"** means a contract with a duration period exceeding one year;

**"list of accredited prospective providers"** means the list of accredited prospective providers which a municipality or municipal entity must keep in terms of paragraph 14 of this policy;

**"other applicable legislation"** means any other legislation applicable to municipal supply chain management, including –

- (a) the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000);
- (b) the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); and
- (c) the Construction Industry Development Board Act, 2000 (Act No.38 of 2000);

**"Regulation"** means the Local Government: Municipal Supply Chain Management Regulations;

**"Treasury guidelines"** means any guidelines on supply chain management Issued by the Minister in terms of section 168 of the Act;

**"the Act"** means the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003);

**"written or verbal quotations"** means quotations referred to in paragraph 12(1)(b) of this policy.

## **CHAPTER 1**

### **ESTABLISHMENT AND IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY**

#### **SUPPLY CHAIN MANAGEMENT POLICY**

2. (1) The Mthonjaneni Local Municipality resolves in terms of section 111 of the Act to have and implement a supply chain management policy that –
- (a) gives effect to –
    - (i) section 217 of the Constitution; and
    - (ii) Part 1 of Chapter 11 and other applicable provisions of the Act;
  - (b) is fair, equitable, transparent, competitive and cost effective;
  - (c) complies with –
    - (i) the regulatory framework prescribed in Chapter 2 of the Regulations; and
    - (ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;
  - (d) is consistent with other applicable legislation;
  - (e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and
  - (f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector.
- (2) The municipality may not act otherwise than in accordance with this supply chain management policy when –
- (a) procuring goods or services;
  - (b) disposing of goods no longer needed;
  - (c) selecting contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or
  - (d) in the case of a municipality, selecting external mechanisms referred to in section 80(1)(b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.
- (3) Subparagraphs (1) and (2) of this policy do not apply in the circumstances described in section 110 (2) of the Act except where specifically provided otherwise in this policy.

#### **ADOPTION AND AMENDMENT OF THE SUPPLY CHAIN MANAGEMENT POLICY**

3. (1) The accounting officer must –

- (a) at least annually review the implementation of this policy; and
  - (b) when the accounting officer considers it necessary, submit proposals for the amendment of this policy to the council.
- (2) If the accounting officer submits a draft policy to the council that differs from the model policy, the accounting officer must ensure that such draft policy complies with the Regulations. The accounting officer must report any deviation from the model policy to the National Treasury and the relevant provincial treasury.
- (3) When amending this supply chain management policy the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.
- (4) The accounting officer of a municipality must in terms of section 62(1)(f)(iv) of the Act, take all reasonable steps to ensure that the municipality has and implements this supply chain management policy.

#### **DELEGATION OF SUPPLY CHAIN MANAGEMENT POWERS AND DUTIES**

4. (1) The council hereby delegates such additional powers and duties to the accounting officer so as to enable the accounting officer –
- (a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –
    - (i) Chapter 8 or 10 of the Act; and
    - (ii) the supply chain management policy;
  - (b) to maximise administrative and operational efficiency in the implementation of the supply chain management policy;
  - (c) to enforce reasonable cost-effective measures for the prevention of fraud; corruption, favouritism and unfair and irregular practices in the implementation of the supply chain management policy; and
  - (d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.
- (2) Sections 79 and 106 of the Act apply to the subdelegation of powers and duties delegated to an accounting officer in terms of subparagraph (1) of this policy.
- (3) The council or accounting officer may not delegate or subdelegate any supply chain management powers or duties to a person who is not an official of the municipality or to a committee which is not exclusively composed of officials of the municipality.
- (4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.



## **SUBDELEGATIONS**

5. (1) The accounting officer may in terms of section 79 or 106 of the Act subdelegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this policy, but any such subdelegation must be consistent with subparagraph (2) and paragraph 4 of this policy.
- (2) The power to make a final award –
- (a) above R10 million (VAT included) may not be subdelegated by the accounting officer;
  - (b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be subdelegated but only to –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - (c) not exceeding R2 million (VAT included) may be subdelegated but only to –
    - (i) the chief financial officer;
    - (ii) a senior manager;
    - (iii) a manager directly accountable to the chief financial officer or a senior manager; or
    - (iv) a bid adjudication committee.
- (3) An official or bid adjudication committee to which the power to make final awards has been subdelegated in accordance with subparagraph (2) of this policy must within five days of the end of each month submit to the official referred to in subparagraph (4) of this policy a written report containing particulars of each final award made by such official or committee during that month, including –
- (a) the amount of the award;
  - (b) the name of the person to whom the award was made; and
  - (c) the reason why the award was made to that person.
- (4) A written report referred to in subparagraph (3) of this policy must be submitted –
- (a) to the accounting officer, in the case of an award by –
    - (i) the chief financial officer;
    - (ii) a senior manager; or
    - (iii) a bid adjudication committee of which the chief financial officer or a senior manager is a member; or
  - (b) to the chief financial officer or the senior manager responsible for the relevant bid, in the case of an award by –

- (i) a manager referred to in subparagraph (2)(c)(iii) of this policy; or
  - (ii) a bid adjudication committee of which the chief financial officer or a senior manager is not a member.
- (5) Subparagraphs (3) and (4) of this policy do not apply to procurements out of petty cash.
  - (6) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been subdelegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this policy.
  - (7) No supply chain management decision-making powers may be delegated to an advisor or consultant.

#### **OVERSIGHT ROLE OF COUNCIL**

- 6. (1) The council must maintain oversight over the implementation of this supply chain management policy.
- (2) For the purposes of such oversight the accounting officer must –
  - (a) (i) within 30 days of the end of each financial year, submit a report on the implementation of the supply chain management policy of the municipality and of any municipal entity under its sole or shared control, to the council of the municipality; and
  - (ii) whenever there are serious and material problems in the implementation of the supply chain management policy, immediately submit a report to the council.
- (3) The accounting officer must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.
- (4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

#### **SUPPLY CHAIN MANAGEMENT UNIT**

- 7. (1) The accounting officer must establish a supply chain management unit to implement this supply chain management policy.
- (2) The supply chain management unit must, where possible, operate under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

#### **TRAINING OF SUPPLY CHAIN MANAGEMENT OFFICIALS**

8. The training of officials involved in implementing the supply chain management policy should be in accordance with any Treasury guidelines on supply chain management training.

## **CHAPTER 2**

### **FRAMEWORK FOR SUPPLY CHAIN MANAGEMENT**

#### **FORMAT OF SUPPLY CHAIN MANAGEMENT**

9. This supply chain management policy provides systems for –
- (i) demand management;
  - (ii) acquisition management;
  - (iii) logistics management;
  - (iv) disposal management;
  - (v) risk management; and
  - (vi) performance management.

#### ***Part 1: Demand management***

#### **SYSTEM OF DEMAND MANAGEMENT**

10. The accounting officer must establish, through operational procedures, an effective system of demand management in order to ensure that the resources required to support the strategic and operational commitments are delivered at the correct time, at the right price and at the right location, and that the quantity and quality satisfy the needs.

#### ***Part 2: Acquisition management***

#### **SYSTEM OF ACQUISITION MANAGEMENT**

11. (1) The accounting officer must establish, through operational procedures, an effective system of acquisition management in order to ensure –
- (a) that goods and services are procured by the municipality or municipal entity in accordance with authorised processes only;
  - (b) that expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Act;
  - (c) that the threshold values for the different procurement processes are complied with;
  - (d) that bid documentation, evaluation and adjudication criteria, and general conditions of a contract, are in accordance with any applicable legislation; and
  - (e) that any Treasury guidelines on acquisition management are properly taken into account.

- (2) This supply chain management policy, except where provided otherwise in the policy, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –
  - (a) water from the Department of Water Affairs or a public entity, another municipality or a municipal entity; and
  - (b) electricity from Eskom or another public entity, another municipality or a municipal entity.
- (3) The following information must be made public wherever goods or services contemplated in section 110(2) of the Act are procured other than through the supply chain management system –
  - (a) the kind of goods or services; and
  - (b) the name of the supplier.

## **RANGE OF PROCUREMENT PROCESSES**

- 12.** (1) The procurement of goods and services through this policy is provided by way of –
- (a) petty cash purchases, up to a transaction value of R2 000 (VAT Included);
  - (b) written or verbal quotations for procurements of a transaction value over R2 000 up to R10 000 (VAT included);
  - (c) formal written price quotations for procurements of a transaction value over R10 000 up to R200 000 (VAT included); and
  - (d) a competitive bidding process for–
    - (i) procurements above a transaction value of R200 000 (VAT included); and
    - (ii) the procurement of long term contracts.
- (2) The accounting officer may, in writing; –
- (a) lower, but not increase, the different threshold values specified in subparagraph 12 (1); or
  - (b) direct that –
    - (i) written or verbal quotations be obtained for any specific procurement of a transaction value lower than R2 000;
    - (ii) formal written price quotations be obtained for any specific procurement of a transaction value lower than R10 000; or
    - (iii) a competitive bidding process be followed for any specific procurement of a transaction value lower than R200 000.
- (3) Goods or services may not deliberately be split into parts or items of a lesser value merely to avoid complying with the requirements of the policy. When determining transaction values, a requirement for goods or services consisting of different parts or items must as far as possible be treated and dealt with as a single transaction.

## **GENERAL PRECONDITIONS FOR CONSIDERATION OF WRITTEN QUOTATIONS OR BIDS**

- 13.** A written quotation or bid may not be considered unless the provider who submitted the quotation or bid –
- (a) has furnished that provider's –
    - (i) full name;
    - (ii) identification number or company or other registration number; and
    - (iii) tax reference number and VAT registration number, if any;
  - (b) has authorised the municipality to obtain a tax clearance from the South African Revenue Services that the provider's tax matters are in order; and
  - (c) has indicated –
    - (i) whether he or she is in the service of the state, or has been in the service of the state in the previous twelve months;
    - (ii) if the provider is not a natural person, whether any of its directors, managers, principal shareholders or stakeholder is in the service of the state, or has been in the service of the state in the previous twelve months; or
    - (iii) whether a spouse, child or parent of the provider or of a director, manager, shareholder or stakeholder referred to in subparagraph (ii) is in the service of the state, or has been in the service of the state in the previous twelve months.

## **LISTS OF ACCREDITED PROSPECTIVE PROVIDERS**

- 14.** (1) The accounting officer must –
- (a) keep a list of accredited prospective providers of goods and services that must be used for the procurement requirements of the through written or verbal quotations and formal written price quotations; and
  - (b) at least once a year through newspapers commonly circulating locally, the website and any other appropriate ways, invite prospective providers of goods or services to apply for evaluation and listing as accredited prospective providers;
  - (c) specify the listing criteria for accredited prospective providers; and
  - (d) disallow the listing of any prospective provider whose name appears on the National Treasury's or Provincial database as a person prohibited from doing business with the public sector.
- (2) The list must be updated at least quarterly to include any additional prospective providers and any new commodities or types of services.
- Prospective providers must be allowed to submit applications for listing at any time.
- (3) The list must be compiled per commodity and per type of service.

## **PETTY CASH PURCHASES**

**15.** The accounting officer must establish the conditions for the procurement of goods by means of petty cash purchases referred to in paragraph 12 (1) (a) of this policy, which must include conditions –

- (a) determining the terms on which a manager may delegate responsibility for petty cash to an official reporting to the manager;
- (b) limiting the number of petty cash purchases or the maximum amounts per month for each manager;
- (c) excluding any types of expenditure from petty cash purchases, where this is considered necessary; and
- (d) requiring monthly reconciliation reports from each manager to the chief financial officer, including –
  - (i) the total amount of petty cash purchases for that month; and
  - (ii) receipts and appropriate documents for each purchase.

#### **WRITTEN OR VERBAL QUOTATIONS**

**16.** The accounting officer must establish the conditions for the procurement of goods or services through written or verbal quotations, which must include conditions stating –

- (a) that quotations must be obtained from at least three different providers preferably from, but not limited to, providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity, provided that if quotations are obtained from providers who are not listed, such providers must meet the listing criteria in the supply chain management policy required by paragraphs 14(1)(b) and (c) of this policy;
- (b) that, to the extent feasible, providers must be requested to submit such quotations in writing;
- (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and reported quarterly to the accounting officer or another official designated by the accounting officer;
- (d) that the accounting officer must record the names of the potential providers requested to provide such quotations with their quoted prices; and
- (e) that if a quotation was submitted verbally, the order may be placed only against written confirmation by the selected provider.

#### **FORMAL WRITTEN PRICE QUOTATIONS**

**17.** (1) The accounting officer must establish the conditions for the procurement of goods or services through formal written price quotations, which must include conditions stating –

- (a) that quotations must be obtained in writing from at least three different providers whose names appear on the list of accredited prospective providers of the municipality or municipal entity;
  - (b) that quotations may be obtained from providers who are not listed, provided that such providers meet the listing criteria in the supply chain management policy required by paragraph 14(1)(b) and (c);
  - (c) that if it is not possible to obtain at least three quotations, the reasons must be recorded and approved by the chief financial officer or an official designated by the chief financial officer, and
  - (d) that the accounting officer must record the names of the potential providers and their written quotations.
- (2) A designated official referred to in subparagraph (1)(c) must within three days of the end of each month report to the chief financial officer on any approvals given during that month by that official in terms of that subparagraph.

#### **PROCEDURES FOR PROCURING GOODS OR SERVICES THROUGH WRITTEN OR VERBAL QUOTATIONS AND FORMAL WRITTEN PRICE QUOTATIONS**

- 18.** The accounting officer must determine the operational procedure for the procurement of goods or services through written or verbal quotations or formal written price quotations, which must stipulate –
- (a) that all requirements in excess of R30 000 (VAT Included) that are to be procured by means of formal written price quotations must, in addition to the requirements of paragraph 17, be advertised for at least seven days on the website and an official notice board of the municipality or municipal entity;
  - (b) that when using the list of accredited prospective providers the accounting officer must promote ongoing competition amongst providers, including by inviting providers to submit quotations on a rotation basis;
  - (c) that the accounting officer must take all reasonable steps to ensure that the procurement of goods and services through written or verbal quotations or formal written price quotations is not abused;
  - (d) that the accounting officer or chief financial officer must on a monthly basis be notified in writing of all written or verbal quotations and formal written price quotations accepted by an official acting in terms of a subdelegation, and;
  - (e) requirements for proper record keeping.

#### **COMPETITIVE BIDDING PROCESS**

- 19.** (1) Goods or services above a transaction value of R200 000 (VAT included) and long term contracts may only be procured through a competitive bidding process, subject to paragraph 11(2) of this policy; and

- (2) No requirement for goods or services above an estimated transaction value of R200 000 (VAT included), may deliberately be split into parts or items of lesser value merely for the sake of procuring the goods or services otherwise than through a competitive bidding process.

## **PROCESS FOR COMPETITIVE BIDDING**

- 20.** The accounting officer must establish procedures for a competitive bidding process for each of the following stages:

- (a) the compilation of bidding documentation;
- (b) the public invitation of bids;
- (c) site meetings or briefing sessions, if applicable;
- (d) the handling of bids submitted in response to public invitation;
- (e) the evaluation of bids;
- (f) the award of contracts;
- (g) the administration of contracts; and
- (h) proper record keeping.

## **BID DOCUMENTATION FOR COMPETITIVE BIDS**

- 21.** The accounting officer must establish the criteria to which bid documentation for a competitive bidding process must comply, which in addition to paragraph 13 of this policy, the bid documentation must –

- (a) take into account –
  - (i) the general conditions of contract;
  - (ii) any Treasury guidelines on bid documentation; and
  - (iii) the requirements of the Construction Industry Development Board,

in the case of a bid relating to construction, upgrading or refurbishment of buildings or infrastructure;
- (b) include evaluation and adjudication criteria, including any criteria required by other applicable legislation;
- (c) compel bidders to declare any conflict of interest they may have in the transaction for which the bid is submitted;
- (d) if the value of the transaction is expected to exceed R10 million (VAT included), require bidders to furnish–
  - (i) if the bidder is required by law to prepare annual financial statements for auditing, their audited annual financial statements –
    - (aa) for the past three years; or
    - (bb) since their establishment if established during the past three years;



- (ii) a certificate signed by the bidder certifying that the bidder has no undisputed commitments for municipal services towards a municipality or other service provider in respect of which payment is overdue for more than 30 days;
- (iii) particulars of any contracts awarded to the bidder by an organ of state during the past five years, including particulars of any material non-compliance or dispute concerning the execution of such contract;
- (iv) a statement indicating whether any portion of the goods or services are expected to be sourced from outside the Republic, and, if so, what portion and whether any portion of payment from the municipality or municipal entity is expected to be transferred out of the Republic; and
- (e) stipulate that disputes must be settled by means of mutual consultation, mediation (with or without legal representation), or, when unsuccessful, in a South African court of law.

## **PUBLIC INVITATION FOR COMPETITIVE BIDS**

**22.** The accounting officer must determine the procedure for the invitation of competitive bids, which must stipulate that:

- (1) (a) Any invitation to prospective providers to submit bids must be by means of a public advertisement in newspapers commonly circulating locally, the website of the municipality or municipal entity or any other appropriate ways (which may include an advertisement in the Government Tender Bulletin); and
- (b) the information contained in a public advertisement, must include –
  - (i) the closure date for the submission of bids, which may not be less than 30 days in the case of transactions over R10 million (VAT included), or which are of a long term nature, or 14 days in any other case, from the date on which the advertisement is placed in a newspaper, subject to subparagraph (2) of this policy; and
  - (ii) a statement that bids may only be submitted on the bid documentation provided by the municipality or municipal entity.
- (2) The accounting officer may determine a closure date for the submission of bids which is less than the 30 or 14 days requirement, but only if such shorter period can be justified on the grounds of urgency or emergency or any exceptional case where it is impractical or impossible to follow the official procurement process.
- (3) Bids submitted must be sealed.
- (4) Where bids are requested in electronic format, such bids must be supplemented by sealed hard copies.

## **PROCEDURE FOR HANDLING, OPENING AND RECORDING OF BIDS**

**23.** The accounting officer must determine the procedures for the handling, opening and recording of bids, which must stipulate that:

- (a) Bids—
  - (i) must be opened only in public; and
  - (ii) must be opened at the same time and as soon as possible after the period for the submission of bids has expired;
- (b) Any bidder or member of the public has the right to request that the names of the bidders who submitted bids in time must be read out and, if practical, also each bidder's total bidding price; and
- (c) The accounting officer must —
  - (i) record in a register all bids received in time;
  - (ii) make the register available for public inspection; and
  - (iii) publish the entries in the register and the bid results on the website.

### **NEGOTIATIONS WITH PREFERRED BIDDERS**

24. (1) The accounting officer may negotiate the final terms of a contract with bidders identified through a competitive bidding process as preferred bidders, provided that such negotiation —
- (a) does not allow any preferred bidder a second or unfair opportunity;
  - (b) is not to the detriment of any other bidder; and
  - (c) does not lead to a higher price than the bid as submitted.
- (2) Minutes of such negotiations must be kept for record purposes.

### **TWO-STAGE BIDDING PROCESS**

25. (1) A two-stage bidding process is allowed for —
- (a) large complex projects;
  - (b) projects where it may be undesirable to prepare complete detailed technical specifications; or
  - (c) long term projects with a duration period exceeding three years.
- (2) In the first stage technical proposals on conceptual design or performance specifications should be invited, subject to technical as well as commercial clarifications and adjustments.
- (3) In the second stage final technical proposals and priced bids should be invited.

### **COMMITTEE SYSTEM FOR COMPETITIVE BIDS**

26. (1) The accounting officer is required to —
- (a) establish a committee system for competitive bids consisting of at least —
    - (i) a bid specification committee;
    - (ii) a bid evaluation committee; and
    - (iii) a bid adjudication committee;
  - (b) appoint the members of each committee, taking into account section 117 of the Act; and

- (c) provide for an attendance or oversight process by a neutral or independent observer, appointed by the accounting officer, when this is appropriate for ensuring fairness and promoting transparency.
- (2) The committee system must be consistent with –
  - (a) paragraph 27, 28 and 29 of this policy; and
  - (b) any other applicable legislation.
- (3) The accounting officer may apply the committee system to formal written price quotations.

## **BID SPECIFICATION COMMITTEES**

- 27.** (1) The bid specification committee must compile the specifications for each procurement of goods or services by the municipality or municipal entity.
- (2) Specifications –
    - (a) must be drafted in an unbiased manner to allow all potential suppliers to offer their goods or services;
    - (b) must take account of any accepted standards such as those issued by Standards South Africa, the International Standards Organisation, or an authority accredited or recognised by the South African National Accreditation System with which the equipment or material or workmanship should comply;
    - (c) where possible, be described in terms of performance required rather than in terms of descriptive characteristics for design;
    - (d) may not create trade barriers in contract requirements in the forms of specifications, plans, drawings, designs, testing and test methods, packaging, marking or labelling of conformity certification;
    - (e) may not make reference to any particular trade mark, name, patent, design, type, specific origin or producer unless there is no other sufficiently precise or intelligible way of describing the characteristics of the work, in which case such reference must be accompanied by the words "equivalent";
    - (f) must indicate each specific goal for which points may be awarded in terms of the points system set out in the Preferential Procurement Regulations 2001; and
    - (g) must be approved by the accounting officer prior to publication of the invitation for bids in terms of paragraph 22 of this policy.
  - (3) The bid specification committee must be composed of one or more officials of the municipality or municipal entity, preferably the manager responsible for the function involved, and may, when appropriate, include external specialist advisors.
  - (4) No person, advisor or corporate entity involved with the bid specification committee, or director of such a corporate entity, may bid for any resulting contracts.

## **BID EVALUATION COMMITTEES**

**28.** (1) The bid evaluation committee must –

- (a) evaluate bids in accordance with –
  - (i) the specifications for a specific procurement; and
  - (ii) the points system set out in terms of paragraph 27(2)(f);
- (b) evaluate each bidder's ability to execute the contract;
- (c) check in respect of the recommended bidder whether municipal rates and taxes and municipal service charges are not in arrears, and;
- (d) submit to the adjudication committee a report and recommendations regarding the award of the bid or any other related matter.

(2) The bid evaluation committee must as far as possible be composed of –

- (a) officials from departments requiring the goods or services; and
- (b) at least one supply chain management practitioner of the municipality.

## **BID ADJUDICATION COMMITTEES**

**29.** (1) The bid adjudication committee must –

- (a) consider the report and recommendations of the bid evaluation committee; and
- (b) either –
  - (i) depending on its delegations, make a final award or a recommendation to the accounting officer to make the final award; or
  - (ii) make another recommendation to the accounting officer how to proceed with the relevant procurement.

(2) The bid adjudication committee must consist of at least four senior managers of the municipality or municipal entity which must include –

- (i) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and
- (ii) at least one senior supply chain management practitioner who is an official of the municipality; and
- (iii) a technical expert in the relevant field who is an official, if such an expert exists.

(3) The accounting officer must appoint the chairperson of the committee. If the chairperson is absent from a meeting, the members of the committee who are present must elect one of them to preside at the meeting.

(4) Neither a member of a bid evaluation committee, nor an advisor or person assisting the evaluation committee, may be a member of a bid adjudication committee.

- (5) (a) If the bid adjudication committee decides to award a bid other than the one recommended by the bid evaluation committee, the bid adjudication committee must prior to awarding the bid –
  - (i) check in respect of the preferred bidder whether that bidder's municipal rates and taxes and municipal service charges are not in arrears, and;
  - (ii) notify the accounting officer.
- (b) The accounting officer may –
  - (i) after due consideration of the reasons for the deviation, ratify or reject the decision of the bid adjudication committee referred to in paragraph (a); and
  - (ii) if the decision of the bid adjudication committee is rejected, refer the decision of the adjudication committee back to that committee for reconsideration.
- (6) The accounting officer may at any stage of a bidding process, refer any recommendation made by the evaluation committee or the adjudication committee back to that committee for reconsideration of the recommendation.

(7) The accounting officer must comply with section 114 of the Act within 10 working days.

## **PROCUREMENT OF BANKING SERVICES**

### **30. (1) Banking services –**

- (a) must be procured through competitive bids;
  - (b) must be consistent with section 7 or 85 of the Act; and
  - (c) may not be for a period of more than five years at a time.
- (2) The process for procuring a contract for banking services must commence at least nine months before the end of an existing contract.
- (3) The closure date for the submission of bids may not be less than 60 days from the date on which the advertisement is placed in a newspaper in terms of paragraph 22(1). Bids must be restricted to banks registered in terms of the Banks Act, 1990 (Act No. 94 of 1990).

## **PROCUREMENT OF IT RELATED GOODS OR SERVICES**

- 31. (1)** The accounting officer may request the State Information Technology Agency (SITA) to assist with the acquisition of IT related goods or services through a competitive bidding process.
- (2) Both parties must enter into a written agreement to regulate the services rendered by, and the payments to be made to, SITA.
- (3) The accounting officer must notify SITA together with a motivation of the IT needs if –

- (a) the transaction value of IT related goods or services required in any financial year will exceed R50 million (VAT included); or
  - (b) the transaction value of a contract to be procured whether for one or more years exceeds R50 million (VAT included).
- (4) If SITA comments on the submission and the municipality disagrees with such comments, the comments and the reasons for rejecting or not following such comments must be submitted to the council, the National Treasury, the relevant provincial treasury and the Auditor-General.

**PROCUREMENT OF GOODS AND SERVICES UNDER CONTRACTS SECURED BY OTHER ORGANS OF STATE**

- 32.** (1) The accounting officer may procure goods or services under a contract secured by another organ of state, but only if –
- (a) the contract has been secured by that other organ of state by means of a competitive bidding process applicable to that organ of state;
  - (b) there is no reason to believe that such contract was not validly procured;
  - (c) there are demonstrable discounts or benefits to do so; and
  - (d) that other organ of state and the provider have consented to such procurement in writing.
- (2) Subparagraph (1)(c) and (d) do not apply if –
- (a) a municipal entity procures goods or services through a contract secured by its parent municipality; or
  - (b) a municipality procures goods or services through a contract secured by a municipal entity of which it is the parent municipality.

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**PROCUREMENT OF GOODS NECESSITATING SPECIAL SAFETY ARRANGEMENTS**

- 33.** (1) The acquisition and storage of goods in bulk (other than water) which necessitate special safety arrangements, including gasses and fuel, should be avoided where ever possible.
- (2) Where the storage of goods in bulk is justified, such justification must be based on sound reasons, including the total cost of ownership, cost advantages and environmental impact and must be approved by the accounting officer.

**PROUDLY SA CAMPAIGN**

- 34.** The accounting officer must determine internal operating procedures supporting the Proudly SA Campaign to the extent that, all things being equal, preference is given to procuring local goods and services from:
- Firstly – suppliers and businesses within the municipality or district;
  - Secondly – suppliers and businesses within the relevant province;
  - Thirdly – suppliers and businesses within the Republic of South Africa.

**APPOINTMENT OF CONSULTANTS**

- 35.** (1) The accounting officer may procure consulting services provided that any Treasury guidelines in respect of consulting services are taken into account when such procurements are made.
- (2) Consultancy services must be procured through competitive bids if–
- (a) the value of the contract exceeds R200 000 (VAT included); or
  - (b) the duration period of the contract exceeds one year.
- (3) In addition to any requirements prescribed by this policy for competitive bids, bidders must furnish particulars of –
- (a) all consultancy services provided to an organ of state in the last five years; and
  - (b) any similar consultancy services provided to an organ of state in the last five years.
- (4) The accounting officer must ensure that copyright in any document produced, and the patent rights or ownership in any plant, machinery, thing, system or process designed or devised, by a consultant in the course of the consultancy service is vested in the municipality.

**DEVIATION FROM, AND RATIFICATION OF MINOR BREACHES OF, PROCUREMENT PROCESSES**

- 36.** (1) The accounting officer may –

- (a) dispense with the official procurement processes established by this policy and to procure any required goods or services through any convenient process, which may include direct negotiations, but only –
    - (i) in an emergency;
    - (ii) if such goods or services are produced or available from a single provider only;
    - (iii) for the acquisition of special works of art or historical objects where specifications are difficult to compile;
    - (iv) acquisition of animals for zoos and/or nature and game reserves; or
    - (v) in any other exceptional case where it is impractical or impossible to follow the official procurement processes; and
  - (b) ratify any minor breaches of the procurement processes by an official or committee acting in terms of delegated powers or duties which are purely of a technical nature.
- (2) The accounting officer must record the reasons for any deviations in terms of subparagraphs (1)(a) and (b) of this policy and report them to the next meeting of the council and include as a note to the annual financial statements.
- (3) Subparagraph (2) does not apply to the procurement of goods and services contemplated in paragraph 11(2) of this policy.

### **UNSOLICITED BIDS**

- 37.** (1) In accordance with section 113 of the Act there is no obligation to consider unsolicited bids received outside a normal bidding process.
- (2) The accounting officer may decide in terms of section 113(2) of the Act to consider an unsolicited bid, only if –
- (a) the product or service offered in terms of the bid is a demonstrably or proven unique innovative concept;
  - (b) the product or service will be exceptionally beneficial to, or have exceptional cost advantages;
  - (c) the person who made the bid is the sole provider of the product or service; and
  - (d) the reasons for not going through the normal bidding processes are found to be sound by the accounting officer.
- (3) If the accounting officer decides to consider an unsolicited bid that complies with subparagraph (2) of this policy, the decision must be made public in accordance with section 21A of the Municipal Systems Act, together with –
- (a) reasons as to why the bid should not be open to other competitors;



- (b) an explanation of the potential benefits if the unsolicited bid were accepted; and
  - (c) an invitation to the public or other potential suppliers to submit their comments within 30 days of the notice.
- (4) All written comments received pursuant to subparagraph (3), including any responses from the unsolicited bidder, must be submitted to the National Treasury and the relevant provincial treasury for comment.
  - (5) The adjudication committee must consider the unsolicited bid and may award the bid or make a recommendation to the accounting officer, depending on its delegations.
  - (6) A meeting of the adjudication committee to consider an unsolicited bid must be open to the public.
  - (7) When considering the matter, the adjudication committee must take into account –
    - (a) any comments submitted by the public; and
    - (b) any written comments and recommendations of the National Treasury or the relevant provincial treasury.
  - (8) If any recommendations of the National Treasury or provincial treasury are rejected or not followed, the accounting officer must submit to the Auditor General, the relevant provincial treasury and the National Treasury the reasons for rejecting or not following those recommendations.
  - (9) Such submission must be made within seven days after the decision on the award of the unsolicited bid is taken, but no contract committing the municipality to the bid may be entered into or signed within 30 days of the submission.

#### **COMBATING OF ABUSE OF SUPPLY CHAIN MANAGEMENT SYSTEM**

- 38.** The accounting officer must establish measures for the combating of abuse of the supply chain management system, which must stipulate the following:
- (1) The accounting officer must–
    - (a) take all reasonable steps to prevent abuse of the supply chain management system;
    - (b) investigate any allegations against an official or other role player of fraud, corruption, favouritism, unfair or irregular practices or failure to comply with this supply chain management policy, and when justified –
      - (i) take appropriate steps against such official or other role player; or
      - (ii) report any alleged criminal conduct to the South African Police Service;

- (c) check the National Treasury's database prior to awarding any contract to ensure that no recommended bidder, or any of its directors, is listed as a person prohibited from doing business with the public sector;
  - (d) reject any bid from a bidder—
    - (i) if any municipal rates and taxes or municipal service charges owed by that bidder or any of its directors to the municipality, or to any other municipality or municipal entity, are in arrears for more than three months; or
    - (ii) who during the last five years has failed to perform satisfactorily on a previous contract with the municipality or any other organ of state after written notice was given to that bidder that performance was unsatisfactory;
  - (e) reject a recommendation for the award of a contract if the recommended bidder, or any of its directors, has committed a corrupt or fraudulent act in competing for the particular contract;
  - (f) cancel a contract awarded to a person if –
    - (i) the person committed any corrupt or fraudulent act during the bidding process or the execution of the contract; or
    - (ii) an official or other role player committed any corrupt or fraudulent act during the bidding process or the execution of the contract that benefited that person; and
  - (g) reject the bid of any bidder if that bidder or any of its directors –
    - (i) has abused the supply chain management system of the municipality or has committed any improper conduct in relation to such system;
    - (ii) has been convicted for fraud or corruption during the past five years;
    - (iii) has willfully neglected, reneged on or failed to comply with any government, municipal or other public sector contract during the past five years; or
    - (iv) has been listed in the Register for Tender Defaulters in terms section 29 of the Prevention and Combating of Corrupt Activities Act (No 12 of 2004).
- (2) The accounting officer must inform the National Treasury and relevant provincial treasury in writing of any actions taken in terms of subparagraphs (1)(b)(ii), (e) or (f) of this policy.

### ***Part 3: Logistics, Disposal, Risk and Performance Management***

#### **LOGISTICS MANAGEMENT**

- 39.** The accounting officer must establish an effective system of logistics management in order to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods, stores and warehouse management, expediting orders, transport management, vendor performance, maintenance and contract administration.

#### **DISPOSAL MANAGEMENT**

- 40.** (1) The accounting officer must establish an effective system of disposal management for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act, which must stipulate the following:
- (2) The disposal of assets must–
- (a) be by one of the following methods –
- (i) transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;
  - (ii) transferring the asset to another organ of state at market related value or, when appropriate, free of charge;
  - (iii) selling the asset; or
  - (iv) destroying the asset;
- (b) provided that –
- (i) immovable property may be sold only at market related prices except when the public interest or the plight of the poor demands otherwise;
  - (ii) movable assets may be sold either by way of written price quotations, a competitive bidding process, auction or at market related prices, whichever is the most advantageous;
  - (iii) in the case of the free disposal of computer equipment, the provincial department of education must first be approached to indicate within 30 days whether any of the local schools are interested in the equipment; and
  - (iv) in the case of the disposal of firearms, the National Conventional Arms Control Committee has approved any sale or donation of firearms to any person or institution within or outside the Republic;
- (c) furthermore ensure that –
- (i) immovable property is let at market related rates except when the public interest or the plight of the poor demands otherwise; and
  - (ii) all fees, charges, rates, tariffs, scales of fees or other charges relating to the letting of immovable property are annually reviewed; and
- (d) ensure that where assets are traded in for other assets, the highest possible trade-in price is negotiated.

## **RISK MANAGEMENT**

- 41.** (1) The accounting officer must establish an effective system of risk management for the identification, consideration and avoidance of potential risks in the supply chain management system.
- (2) Risk management must include –
- (a) the identification of risks on a case-by-case basis;
  - (b) the allocation of risks to the party best suited to manage such risks;
  - (c) acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;
  - (d) the management of risks in a pro-active manner and the provision of adequate cover for residual risks; and
  - (e) the assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

## **PERFORMANCE MANAGEMENT**

- 42.** The accounting officer must establish an effective internal monitoring system in order to determine, on the basis of a retrospective analysis, whether the authorised supply chain management processes were followed and whether the desired objectives were achieved.

### ***Part 4: Other matters***

## **PROHIBITION ON AWARDS TO PERSONS WHOSE TAX MATTERS ARE NOT IN ORDER**

- 43.** (1) The accounting officer must ensure that, irrespective of the procurement process followed, no award above R15 000 is given to a person whose tax matters have not been declared by the South African Revenue Service to be in order.
- (2) Before making an award to a person the accounting person must first check with SARS whether that person's tax matters are in order.
- (3) If SARS does not respond within 7 days such person's tax matters may for purposes of subparagraph (1) be presumed to be in order.

## **PROHIBITION ON AWARDS TO PERSONS IN THE SERVICE OF THE STATE**

- 44.** The accounting officer must ensure that irrespective of the procurement process followed, no award may be given to a person –
- (a) who is in the service of the state; or
  - (b) if that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or
  - (c) a person who is an advisor or consultant contracted with the municipality or municipal entity.

## **AWARDS TO CLOSE FAMILY MEMBERS OF PERSONS IN THE SERVICE OF THE STATE**

- 45.** The notes to the annual financial statements must disclose particulars of any award of more than R2000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months, including –
- (a) the name of that person;
  - (b) the capacity in which that person is in the service of the state; and
  - (c) the amount of the award.

## **ETHICAL STANDARDS**

- 46.** (1) A code of ethical standards is hereby established, in accordance with subparagraph (2), for officials and other role players in the supply chain management system in order to promote–
- (a) mutual trust and respect; and
  - (b) an environment where business can be conducted with integrity and in a fair and reasonable manner.
- (2) An official or other role player involved in the implementation of the supply chain management policy –
- (a) must treat all providers and potential providers equitably;
  - (b) may not use his or her position for private gain or to improperly benefit another person;
  - (c) may not accept any reward, gift, favour, hospitality or other benefit directly or indirectly, including to any close family member, partner or associate of that person, of a value more than R350;
  - (d) notwithstanding subparagraph (2)(c), must declare to the accounting officer details of any reward, gift, favour, hospitality or other benefit promised, offered or granted to that person or to any close family member, partner or associate of that person;
  - (e) must declare to the accounting officer details of any private or business interest which that person, or any close family member, partner or associate, may have in any proposed procurement or disposal process of, or in any award of a contract by, the municipality;
  - (f) must immediately withdraw from participating in any manner whatsoever in a procurement or disposal process or in the award of a contract in which that person, or any close family member, partner or associate, has any private or business interest;
  - (g) must be scrupulous in his or her use of property belonging to the municipality;

- (h) must assist the accounting officer in combating fraud, corruption, favouritism and unfair and irregular practices in the supply chain management system; and
- (i) must report to the accounting officer any alleged irregular conduct in the supply chain management system which that person may become aware of, including–
  - (i) any alleged fraud, corruption, favouritism or unfair conduct;
  - (ii) any alleged contravention of paragraph 47(1) of this policy; or
  - (iii) any alleged breach of this code of ethical standards.
- (3) Declarations in terms of subparagraphs (2)(d) and (e) -
  - (a) must be recorded in a register which the accounting officer must keep for this purpose;
  - (b) by the accounting officer must be made to the mayor of the municipality who must ensure that such declarations are recorded in the register.
- (4) The National Treasury's code of conduct must also be taken into account by supply chain management practitioners and other role players involved in supply chain management.
- (5) It is recommended that the municipality or municipal entity adopt the National Treasury's code of conduct for supply chain management practitioners and other role players involved in supply chain management. When adopted, such code of conduct becomes binding on all officials and other role players involved in the implementation of the supply chain management policy of the municipality or municipal entity. A copy of the National Treasury code of conduct is available on the website **[www.treasury.gov.za/mfma](http://www.treasury.gov.za/mfma)** located under "legislation". This code of conduct must be adopted by council.
- (6) A breach of the code of conduct adopted by the municipality must be dealt with in accordance with schedule 2 of the Systems Act.

#### **INDUCEMENTS, REWARDS, GIFTS AND FAVOURS TO MUNICIPALITIES, OFFICIALS AND OTHER ROLE PLAYERS**

- 47.** (1) No person who is a provider or prospective provider of goods or services, or a recipient or prospective recipient of goods disposed or to be disposed of may either directly or through a representative or intermediary promise, offer or grant –
- (a) any inducement or reward to the municipality for or in connection with the award of a contract; or
  - (b) any reward, gift, favour or hospitality to –
    - (i) any official; or
    - (ii) any other role player involved in the implementation of the supply chain management policy.

- (2) The accounting officer must promptly report any alleged contravention of subparagraph (1) to the National Treasury for considering whether the offending person, and any representative or intermediary through which such person is alleged to have acted, should be listed in the National Treasury's database of persons prohibited from doing business with the public sector.
- (3) Subparagraph (1) does not apply to gifts less than R350 in value.

## **SPONSORSHIPS**

- 48.** The accounting officer must promptly disclose to the National Treasury and the relevant provincial treasury any sponsorship promised, offered or granted, whether directly or through a representative or intermediary, by any person who is –
- (a) a provider or prospective provider of goods or services; or
  - (b) a recipient or prospective recipient of goods disposed or to be disposed.

## **OBJECTIONS AND COMPLAINTS**

- 49.** Persons aggrieved by decisions or actions taken in the implementation of this supply chain management system, may lodge within 14 days of the decision or action, a written objection or complaint against the decision or action.

## **RESOLUTION OF DISPUTES, OBJECTIONS, COMPLAINTS AND QUERIES**

- 50. (1)** The accounting officer must appoint an independent and Impartial person, not directly involved in the supply chain management processes –
- (a) to assist in the resolution of disputes between the municipality and other persons regarding –
    - (i) any decisions or actions taken in the implementation of the supply chain management system; or
    - (ii) any matter arising from a contract awarded in the course of the supply chain management system; or
  - (b) to deal with objections, complaints or queries regarding any such decisions or actions or any matters arising from such contract.
- (2) The accounting officer, or another official designated by the accounting officer, is responsible for assisting the appointed person to perform his or her functions effectively.
- (3) The person appointed must –
- (a) strive to resolve promptly all disputes, objections, complaints or queries received; and
  - (b) submit monthly reports to the accounting officer on all disputes, objections, complaints or queries received, attended to or resolved.

- (4) A dispute, objection, complaint or query may be referred to the relevant provincial treasury if –
  - (a) the dispute, objection, complaint or query is not resolved within 60 days; or
  - (b) no response is forthcoming within 60 days.
- (5) If the provincial treasury does not or cannot resolve the matter, the dispute, objection, complaint or query may be referred to the National Treasury for resolution.
- (6) This paragraph must not be read as affecting a person's rights to approach a court at any time.

#### **CONTRACTS PROVIDING FOR COMPENSATION BASED ON TURNOVER**

- 51. If a service provider acts on behalf of a municipality to provide any service or act as a collector of fees, service charges or taxes and the compensation payable to the service provider is fixed as an agreed percentage of turnover for the service or the amount collected, the contract between the service provider and the municipality must stipulate –
  - (a) a cap on the compensation payable to the service provider; and
  - (b) that such compensation must be performance based.

#### **COMMENCEMENT**

- 52. This policy takes effect on the date on which it is adopted by the council.



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Your Ref / U Verw / Reference/

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**QUALITY CERTIFICATE**

I Federicks André Els, municipal manager of Mthonjaneni Municipality,  
hereby certify that the annual budget and supporting documentation have  
been prepared in accordance with the Municipal Finance Management Act and  
the regulations made under the Act, and that the annual budget and  
supporting documents are consistent with the Integrated Development Plan of  
the municipality.

Print Name : A. A. Els  
Municipal Manager of : Mthonjaneni Municipality (KZ 285)  
Signature : [Signature]  
Date : 20-5-2010